

FAR EASTERN ECONOMIC REVIEW

Vol. XXII

Hongkong, April 11, 1957

No. 15

The Basis of Light Industry in China (II—Foodstuffs and Miscellaneous Manufactures)	449	Japan	Japanese Economic Reports	465	Finance & Commerce	HK Exchange Markets; HK Share Market; HK Stock Exchange in March	470
Raw Materials in Hongkong	454	China	Circulation Notes in Rural China	466	March Trade Reports & Commodity Prices	472	
Communists and Bourgeoisie in China	457	Singapore	Singapore Developments	468	Index for Volume XXI (July-December, 1956)	478	
The Kashmir Dispute—India's Case	459	Philippines	Economic Letter from Manila	469			

THE BASIS OF LIGHT INDUSTRY IN CHINA

II. Foodstuffs and Miscellaneous Manufactures

By Professor E. Stuart Kirby

The preceding article in this series (FAR EASTERN ECONOMIC REVIEW, March 28th, No. 13) dealt with the Textile Industries. So far we are covering only the initial period of rehabilitation and reconstruction after the Communist seizure of power, from 1949 to 1953. Subsequent articles will carry the story on, through the period of the First Five Year Plan and the present situation. But it is essential to have first a clear idea of the initial basis of the 1949-52 period, on which Communist Planning has since built further.

At the present time there is a crux in the preparation of the Second Five Year, amounting to a crisis, over the questions of "proportionality" between heavy industry and light industry. The former, true to Communist dogma and precedent, has admittedly been overstressed so far, at the expense of the latter; this has imposed hardships on the people, and evoked protests or resistance. Attention abroad, also, has naturally tended to focus on the developments in heavy industry, which worldwide Communist propaganda has so much emphasised until now. In this series of articles, the aim is to give some general picture of the situation in respect of light industries in China, one of the subjects of current research at the Department of Economics of the University of Hongkong.

The first article dealt with Textiles in the period 1949-52; when textile items, especially cotton goods, were given rather more priority, in the Communist reconstruction policy, than other light-industrial products. This second article today deals with branches of light industry other than textiles, for the same period.

FOODSTUFFS

Presumably the most essential group is the food processing industries, together with others in contingent categories. We include rice and flour milling, oil extraction, oil and sugar refining, and the making of salt, tea and cigarettes. These depend entirely on agricultural raw materials produced within the country, and a satisfactory state of self-sufficiency is claimed to have been reached for all of them, in the recovery period 1949-52. We then consider briefly rubber manufacture, pharmaceuticals and medical supplies, and matches.

Rice-milling

The mills are of course located in the rice-area of East and Central-South China. Some have fairly modern mechanical equipment; but generally they are not highly developed. The paddy is usually husked in the villages and further processing is in the mills, which turn out polished rice. The total annual output in modern mills was 0.82 mn. tons in 1935, and only 0.58 mn. tons in 1947, according to industrial surveys. There were 1,251 modern mills in 1935. Most of the equipment of the rice mills was "scattered and backward, and production was irregular".⁽¹⁾

The Ministry of Food took control after the "Liberation", and improvements in machinery were soon claimed, but the main stress was on unified control. The quality of rice was lowered, with an "austerity" standardisation of polished rice, by which only 8% was removed in milling (100 catties of paddy produced 92 of "standard rice").⁽²⁾

TABLE I
Rice Production
(Paddy) (million tons)

Pre-1949 peak	52.5
1949	38.3
1950	50.0
1951	59.2
1952	68.43

Flour-milling

The flour milling industry, in some contrast, was one of the largest "modernised" industries in China—perhaps second only to cotton in that respect. There are 597 modern flour-mills in China excluding Manchuria, with a total capacity of 485,162 bags a day (10.7 million a month, or 128 million a year).⁽³⁾ As with other industries, there is some concentration of the mills in the Northern and Eastern cities. But in this case riverside sites also figure; the low cost of transport by water remains the decisive factor still, but before the "Liberation" it was also the cheapness of imported wheat.

TABLE II
(Pre-Liberation) Distribution of Flour-milling capacity

Shanghai	20%	Hankow	6%
Wushih	8%	Peking	5%
Tientsin	8%	Others	46%
Tsinan	7%		
			100

The industry was extremely depressed in 1949-50. Water-transport was greatly reduced, wheat imports cut off. Between June 1949 and May 1950, total sales of wheat were little over 48 million bags, a little over 37% of the productive capacity. Nearly 54 mn. bags were actually produced, with some 5 mn. unsold because of the high price, mainly due to the high cost of transport.⁽⁴⁾ (A bag averages 22 kilos). Thus more than half the capacity of the mills was idle, owing to general difficulties; another illustration of the true perspective of comparisons having "1949=100" as their basis. In 1949-50, flour mills in East China worked at just below 30% of capacity, in Shantung province at just under 40%, in Central-South China at 25%, in South-West China at 25%, in the North-West at 70%, and in the North at 73%.

The All-China Food-processing Conference in Peking, in July 1950, decided on "strong aims to equilibrate production and sales." The following targets were set for all China excluding the North-East (Manchuria) for 1950-51 output.

TABLE III
Flour production targets, year 1950-51

	(million bags)
East China	25.5
North China	17.0
Central-South China	5.3
South-West China	0.9
North-West China	5.3
	54.0

This would create substantial surpluses, by late 1951, in the first three areas listed in the above Table.

Before the War, Shanghai produced some 35 mn. bags of flour a year, one-fifth of China's whole output. Of this, about 70% was shipped to North China for sale there, about

20% to the Central Southern parts of the country, and about 10% sold locally. 50% of the wheat milled in Shanghai was imported from overseas; some 20% came from Northern Kiangsu Province, and 15% from Southern Kiangsu.⁽⁶⁾

After the Communist Occupation, Shanghai suffered most severely from the cessation of imports and the decline in sales. The government used the measures we have noted in the case of other industries: it gave out processing orders selectively to the 8 mills in Shanghai which were under "Joint Public-Private Operation"; but production in Shanghai was only 18% of capacity in 1950 and 28% in 1951.

The situation was however transformed in 1952. Flour production increased to 127 million bags in that year, i.e. to pre-war levels. Both wheat production and the wheat-consuming population in the cities of North China were growing so much that actual shortage of capacity began to be expected.

Taking the "peak year before the Liberation" as 100, the total output of flour was stated to have been 78.1 in 1949, but over 108.3 in 1952.⁽⁷⁾ Three causes are cited. (i) The production of wheat increased from 13.8 mn. tons in 1949 to 15.0 in 1950, 16.8 in 1951, and 18.1 in 1952, or over 30%. (Compared however with a pre-war peak of 23.0). (ii) The demand for consumption in the form of flour increased, with the good general harvests of 1951 and 52; meanwhile the price of flour, under government regulation, was distinctly lowered. (iii) labour productivity in the mills had been increased by 50%, it is claimed.

It will be noted that the milling figures above exclude the North East (Manchuria). Little information is given on that important area. But according to personal information of eye-witnesses etc., and some inferences, a large amount of flour and grains went to Russia from Manchuria in this period.

Edible oils

Groundnuts, rapeseed, soya beans, sesamum and cottonseed are matters of great importance all over China. Groundnuts (peanuts) are especially prominent, as a cash crop, in Shantung, Kiangsu, Hopei and Szechuen. Pre-war annual production in China was some 20 mn. quintals—of which one half was exported—and China was the world's second greatest producer, after India. China's production of peanut oil was 480,000 metric tons in 1936.⁽⁸⁾

China's production of soya beans (Liaoning, Kirin and Heilungkiang in Manchuria; Kiangsu and Shantung) was, before the war, 85% of the world total, reaching more than 10 mn. tons a year. In 1947, production was just under 83 million quintals, or only 20% of pre-war level. According to Communist returns, it recovered to 62% of pre-war by 1950, 72% in 1951, and to 9.5 mn. tons (or 78% of pre-war) in 1952.⁽⁹⁾

Oil presses are situated throughout the growing areas, but were practically all old-fashioned, with few modern machines. The extraction rate was very low.

Owing to the suspension of exports and the depressed conditions, many mills stopped or reduced work in 1950. Machine presses in East China reduced output in that year to one million piculs, half of their capacity; in Hopei, one fifth of the number of oil factories was idle.

The government decreed "adjustments" and gave out processing orders. An All-China six-months plan for July-December 1950, for producing oils of all kinds, was drafted after a conference called by the Food Ministry at Peking. Significantly, this also excluded Manchuria:

TABLE IV

Vegetable Oil, production targets, 2nd half of 1950

	(tons)
East China	40,190
North China	18,980
Central-South China	3,800
South-West China	900
North-West China	130
	64,000

(see Far Eastern Economic Review, Vol. II No. 4, August, 1950). (10)

Production was very greatly increased, from this point onwards. Harvest conditions were exceptionally good in 1951-52. The total output of vegetable oils (for both food and non-food purposes, including hand and machine production, and for the whole country, including Manchuria this time) is given as 630,000 metric tons in 1951 and reaching 1 million in 1952.⁽¹¹⁾

Tea

Tea is an important product for China, deeply affecting rural prosperity and export earnings alike, and playing the same psychological and general part in the national life as it does in that of the British.

The peak of tea production in China was between 7 and 8 million piculs a year, but it declined to some 5 million in prewar years. The area under tea in China (excluding Taiwan) is about 31 million acres—about one-third of the world's total—in three regions principally: lower Yangtse area, the Kwangtung plain (Lingnam), and the Szechuen-Kweichow area. The lower Yangtse basin (Kiangsu, Chekiang, Anhui, Kiangsi, Hupeh and Hunan) produced about 3.5 million piculs a year, or some three-quarters of the national (mainland) total. Chekiang Province is famous primarily for its green tea, but produces good black tea also; Anhui is the most important producer of black tea, such as the famous Keemun.

Production, sale and export came early under the control of the People's Government. Production in 1949 was 94,000 quintals, compared with 75,000 in 1948; but the figures were 330,00 for 1950 and 825,000 for 1952.⁽¹²⁾ (2 piculs = 1 quintal). Two factories with new equipment were established in Anhui, and one in Kiangsi. 36 purchasing-stations were set up, to buy directly from the farmers, and these stations also undertook the firing of tea.

The branches of the China Tea Corporation were under centralized control, which pressed for increased production and increased exports. Exports were 327,643 quintals in 1936, and had dropped to 99,220 in 1949. The export target in the 1950 programme of the China Tea Corporation was 200,000 piculs of black tea plus 150,000 piculs of brick tea to the Soviet Union and other bordering Communist states.⁽¹³⁾ Significantly, green tea producing districts have been shifting increasingly to black tea, preferred by the Soviet Union and East European countries.

The production of tea shows a strikingly low level in this period, at only half the prewar:

TABLE V

Tea production (China Mainland) (13, 14)
(million piculs)

Prewar	3.40
1949	N.A.
1950	1.34
1951	1.48
1952	1.65

Salt

Salt is another important item—for food, fisheries and industrial uses—copiously produced in China.

The average yearly production of salt in 1931-35 was 2,315,000 metric tons; but the figure increased to about 3 million metric tons shortly after the war.⁽¹⁵⁾

In March 1950, at a National Salt Conference, the Communists set the national target, for state and private production in the 14 producing areas, at as high as 68.42 million piculs a year, i.e. at 3.42 million metric tons. One-fourth of this was to come from the salt area in North China. The importance of this item in the industrialization programme is evident. It was revealed that, out of this proposed production, 37,060,000 piculs (53%) was planned to be for domestic consumption, 6,500,000 (9%) for fisheries, and 12,000,000 (17%) for export—so 2,000,000, a small percentage, was apparently for industrial use in China.⁽¹⁶⁾

Actual production fell very short of this goal in 1950—reaching only half of it, apparently—but, according to the Salt Bureau, increased remarkably in 1951. It was claimed to have exceeded the current target by 30.58% in January-October 1951, representing 171.56% of the actual output in 1950 but therefore still about 30% below 1931-35, and over 40% below the immediate post-war.⁽¹⁷⁾

In 1952, however, production exceeded the target by 7.18%, and was stated to have surpassed the highest pre-war level (1929), by 30%.⁽¹⁸⁾

1929 output was 46.94 million piculs; so this statement would mean about 57.5 mn. piculs in 1951 and 61.0 in 1952. The other statement, referred to in the last paragraph above, would however lead us to infer that 1950 was about 35 mn. piculs, 1951 about 60, and 1952 about 63.

TOBACCO

Tobacco manufacture, using indigenous and imported leaf, was well organised on a large scale before the "Liberation"; second only in the Light-industry field to textiles, and cotton in particular.

The following was the distribution of capacity:

TABLE VI

(Percentage of numbers of machines for tobacco manufacture)

East China	49%
North China	12%
North-East China	12%
Central-South China	22%
South-West China	5%
	100

About 60% of all the factory-made cigarettes in China were produced in Shanghai; that would be 29% of the total for the whole of China.⁽¹⁹⁾ The Shanghai factories obtained about 50% of their tobacco from Shantung, 20% each from Anhui and Honan; the remaining 10% used to be imported, chiefly from the U.S.A. before the war. Immediately after the war, imports from America greatly increased, being temporarily a main source of supply.

At the time of the Communist occupation, there was severe shortage of the raw material, and a heavy decline in cigarette production. The State gave subsidies to restore tobacco production in Shantung and Honan; this was successful, and later production of cured leaf was raised above pre-war level, in Honan especially, on the basis of increasing the planted area.⁽²⁰⁾

TABLE VII

Production of cured tobacco (000 metric tons)

1949, 1950	N.A.
1951	251
1952	221

At a meeting called by the Food Ministry in July 1950, it was stated that annual production of cigarettes was about 2,500,000 cases (50,000 cigarettes per case). If all the factories worked 9 hours a day it was calculated, the figure could be raised to 4,500,000 cases a year. But sales were running, it was estimated, at only 1,800,000—1,900,000 cases a year. Official statements are that cigarette factories were working at 44% of capacity in 1950, 53% in 1951, and 66% in 1952. The production of cigarettes rose, with reviving demand, by 50% in 1951 over 1949, regaining pre-war levels.

TABLE VIII

Production of cigarettes
(million cases)

Pre-1949 peak	2.4
1949	1.6
1950	N.A.
1951	2.4
1952	2.6

RUBBER

Rubber products have been manufactured in China since 1919, though the industry was poorly founded and badly equipped. There were 571 rubber factories, with a large total capacity, practically all (95%) in five cities: Shanghai, Tientsin, Tsingtao, Canton and Mukden.⁽²²⁾ They produced a wide variety of consumer goods; but mainly rubber shoes, canvas shoes, rickshaw tyres—there was practically no production of industrial items, driving belts, automobile tyres, etc. The industry was on the largest scale and best equipped in Shanghai, where it had been first established.

Production in 1949 was (percentage of capacity): Automobile tyres 23%, rickshaw tyres 32%, flat belting 51%, triangle (section) belting 26%, rubber and canvas shoes 43%.⁽²³⁾

A National Rubber Conference was one of the special consultations called—this one by the Ministry of Light Industry—at Peking in July 1950. It decided on a vast planned increase, to serve the needs of "communications, National Defence industry, mining and agriculture". Stress was laid on the production of large-size tyres and belting, and subsidiary mention was made of agricultural equipment, water-conservancy needs (not further specified), medical and sanitary equipment.

Great increases were subsequently claimed in the production of automobile tyres. At first in index-numbers: taking 1949 as 100, 1950 was 254, 1951 was 870, and 1952 was 1,604! The 1952 figure was later given as 417,000 automobile tyres, statedly enough to satisfy domestic requirements, and five and a half times the pre-war peak production in China.⁽²⁴⁾ At the same time, it was claimed, the output of rickshaw tyres had also increased by five times, and that of canvas shoes was doubled.⁽²⁵⁾ These are large increases on a small base.

The raw material is of course imported. Imports—mere 600 tons thirty years ago—were 38,756 tons in 1947; and estimated at 70,000 metric tons a year after the Communist takeover. Before 1951, the imports came mainly through Hongkong; after the embargo, the direct purchase agreements with Ceylon were arranged. China imported on the scale of 50,000 tons of Ceylon rubber a year, bartered for 270,000 tons of Chinese rice; which would meet about 70% of China's rubber requirements. There have been imports from Indonesia and elsewhere also, but apparently not enough to make up the other 30% of China's requirements, without some scrounging around for the last 5% or so. This commodity being purchasable anywhere on a

world market, it is doubtful whether a "blockade" in such items is very fully effective.

PHARMACEUTICALS AND MEDICAL SUPPLIES

Imports in this category by China were very large, and there was formerly very little production within the country. Lack of research personnel and technicians was the main obstacle, rather than enterprise or other aspects. The industry was limited very largely to the processing—or simple packaging, etc.—on a small scale, of imported supplies; and very much localized, in Shanghai, Tientsin and Canton.

The Communist government at once began to devote marked attention to the matter. A Conference was called by the Ministries of Light Industries and Health in October 1950.

In the next two years, many existing plants were expanded, and some new medicines "invented", or at least introduced. By 1952, it was claimed, such items as penicillin, streptomycin, aureomycin and calcium gluconate could be produced in China to satisfy rural as well as urban needs. Moreover, imports of pharmaceuticals and medical equipment decreased year by year with the development of the corresponding production in China. The most complicated X-ray machines and surgical apparatus began to be produced in China.⁽²⁶⁾

All these things undoubtedly happened to some extent; but claims that they are in any degree adequate to the colossal human needs of China's vast population, especially in the rural areas, must be tremendously exaggerated. No exact particulars are available for the period at present in question.

PAPER

Paper has of course been made by handicraft methods for centuries in China; but machine-made paper has been produced for only about 30 years past. 100,000 tons of paper were imported in 1947.⁽²⁷⁾ The paper industry in Manchuria was prosperous during the Japanese occupation, with an annual output of 95,155 metric tons of paper pulp shipped to Japan before 1943. China depended on imports for the supply of paper pulp for her own use.

The peak year for production of machine-made paper in China was 165,000 metric tons in 1943.⁽²⁸⁾ After the war there was a sharp decline, attributed to the "dumping" of foreign paper on the China market. Statistics are incomplete but taking the 1947 output of hand-made paper as a 100 the index was only 30 after the war. The Chinese product was not competitive with foreign paper, as there were no large scale mechanised paper mills in China. Before the Communists' seizure of power, only 40% of the mills had a daily capacity of more than 50 tons of paper, while the production of paper pulp supplied only 70% of the country's manufacturing needs.⁽²⁹⁾

There were altogether 204 mills making machine-made paper in China. The chief producing areas were in the North and East. The capacity of the industry was 260,000 metric tons, but they were running in 1949 at much below half capacity, viz., 110,000 metric tons. The production of hand-made paper, additional to the above, was estimated at a capacity of 200,000 metric tons a year, at the same period.⁽³⁰⁾

The difficulties of the paper industry were problems of capital, raw material and marketing, in the first days of the Communist Regime. Paper factories in Manchuria were reported to have only one-third of their equipment in operation, while factories in North East China were in similar difficulties, and some machinery in this industry was

destroyed or spoilt in the Civil War and as a result of Russian looting in Manchuria.

The first paper industry conference was called by the Ministry of Light Industry at the beginning of 1950. It made a preliminary estimate of the demand for paper in the whole country, the productive capacity of the industry and its consumption of raw materials, and formulated a plan of production for the various areas of the same country with the total production-target of 174,564 tons of paper for 1950⁽³¹⁾. At the same time the Government "froze" the paper stocks of the Ministry of Trade and banned any imports of foreign paper. A reasonable allocation of wood pulp was made to the processing factories, and a joint committee for the purchase of raw materials, (waste paper and rags included) was formed.

There was some improvement in 1950, as a result. The target for 1950 was however only fulfilled by 76%, owing to the shortage of raw materials. But the private mills were heavily blamed in official statements, for their "misconceptions". Evidently the situation was materially difficult, and there was little trust or real cooperation between the private and state interests⁽³²⁾.

In the next stage, it was planned to increase production and expand the equipment of this industry in 1951 and 1952. In fact, in this period, it was claimed later, the self-sufficiency of China was attained in respect of many kinds of paper, for both industrial and cultural use: packing paper, cigarette paper, newsprint. The production of wood pulp was increased by 19% in 1951 over 1950 and by no less than 90% in 1952 over 1951. Success in the experimental use in bamboo and rice stocks as materials was also reported at that time.

Meanwhile consumption of paper—for expanded education, a tremendous amount of propaganda, bureaucratic use (receipts and chits for everything have to be given and received in triplicate or quadruplicate in Communist China)—was greatly increased. The Ministry of Light Industry gave guidance to the mills and urged that the industry should exceed its 1952 target at 8 or 10%, which would bring it above the pre-war level. The available figures are as follows:⁽³³⁾

	Pre-1949	1949	1950	1951	1952
Output of machine-processed paper (in 600 metric tons)	165	180	140	241	372

Clearly production was rapidly restored by 1952; 1953 being reportedly nearly 3½ times the 1949 output. With the integration of Manchuria into the territory of China, and the considerable expansion of the industry as a whole, broad national self-sufficiency in this item, at fairly low quality levels, appears to be secured.

MATCHES

Matches were abundantly produced in China, with simple equipment and by simple techniques. At the Communist take-over there were 312 match factories, with a monthly production-capacity of 150,000 cases (of 2,400 boxes of matches each). But the actual consumption, at that depressed period, was only one third of capacity—50,000 cases a month⁽³⁴⁾.

Following the organisational form usual at this stage, a Conference of the Match Industry was called in June 1950, which set a planned monthly production of only 48,780 cases for the latter part of 1950, but urged the better ordering of raw-material supplies, on the basis of national self-sufficiency⁽³⁵⁾.

Production increased somewhat in 1951. By 1952, according to the Ministry of Light Industry, production was 11% higher than any previous record. This represents, certainly, a very marked rehabilitation of the industry. But,

as with other items, it is necessary to consider this against the large perspective of the enormous needs of the huge and populous country. The 1949 capacity of the industry was 150,000 cases, i.e. 360 million boxes; this was increased 11% by 1952, to say 400 million. That is something in roughly the order of magnitude of one box per month, or one single match per day for each Chinese above a very young age.

Our general conclusion for all these lines of production, regarding this initial period, is that rehabilitation was fairly swiftly and efficiently effected, but the levels involved were in reality distinctly low, in relation to the people's needs; the pressures for a strict priority for investment in heavy industry, for national defence, and for export (primarily to the Communist Bloc) were bluntly onerous in this period.

Further articles will discuss the commodities and industries in the same range, through the period of the First Five Year Plan and the present, into the era of the Second Five Year Plan, which is now in preparation.

NOTES

- (1) Ta Kung Pao, Hongkong, 30/12/54. Yuan-li Wu, Ec. Survey of Communist China, p. 309.
- (2) Hsin Hua Monthly Peking, Sept. 1950, II. 5.
- (3) Jen Min Jih Pao, Peking, 23/8/1950.
- (4) *ibid.* (5) Sing Tao Jih Pao, Hongkong, 11/8/50. Hsin Hua Monthly, Sept. 1950, II. 5.
- (6) Liberation Daily, Shanghai. 31/7/51.
- (7) Hsin Hua Monthly, 1953, no. 17, p. 41.
- (8) "China's Foreign Trade under Communism", Union Research Institute, Hongkong.
- (9) *ibid.* (10) Hsin Hua Monthly, II. 4 Aug. 1950.
- (11) Far Eastern Economic Review, 19/7/56, p. 76, Shabad, "China's Changing Map", pp. 70-77.
- (12) People's Handbook, 1953, p. 360.
- (13) Far Eastern Economic Review, 6/7/1950, p. 21. "The China Mainland Market under Communist Control", Union Research Inst. Hongkong, p. 43.
- (14) Shabad, *op. cit.* pp. 70-77.
- (15) Economic Annual, Hongkong, 1949.
- (16) Jen Min Jih Pao, Peking, 12/3/1950.
- (17) Tientsin Daily, 8/1/52. Cheng Chou-yuan, Foreign Trade of Communist China, 1954.
- (18) Ta Kung Pao, Hongkong, 18/10/54.
- (19) Geographical Knowledge (in Chinese) 12, Dec. 1951.
- (20) Jen Min Jih Pao, Peking, 29/9/51.
- (21) Ta Kung Pao, Hongkong, 7/8/1950. Loc. cit. notes (13), (14) Ta Kung Pao, Tientsin, 11/2/53.
- (22) Jen Min Jih Pao, 11/8/50.
- (23) China's Light Industry, I, 2. Analysis of First Five Year Plan, by Cheng Chou-yuan, p. 185-9.
- (24) Ta Kung Pao, Tientsin, 20/9/54.
- (25) China's Light Industry, I, 2.
- (26) Ta Kung Pao, Hongkong, 31/5/51.
- (27) An Analysis of Communist China's First Five Year Plan, by Cheng Chou-yuan.
- (28) Report of State Statistical Bureau, p. 28.
- (29) Wen Wei Pao, Hongkong, 12/4/54.
- (30) Ta Kung Pao, Hongkong, 14/6/50.
- (31) Jen Min Jih Pao, Peking, 9/2/1950.
- (32) Report by Vice-Minister for Light Industry, China's Light Industry, Vol. I. No. 3.
- (33) Ta Kung Pao, Tientsin, 15/2/54. Loc. cit. note (30).
- (34) Jen Min Jih Pao, Peking, 20/7/50.
- (35) Hsin Hua Yueh Pao, July 1950.

RAW MATERIALS IN HONGKONG

By B. P. Ruxton, M.A., F.G.S.,

(Formerly Lecturer in Geology, University of Hongkong)

The granite and acid volcanics, forming some two-thirds of the land area of this Colony, are by far the most important rock bodies affecting the economic life of the Colony. The fresh unweathered rock provides our building stone and concrete aggregate while the fines are commonly utilised as sand. Weathering products of acid volcanics provide clays for ceramics and brick making and the debris from the granite is sometimes a high grade kaolinitic residue.

Excavation work for buildings, roads, dams, etc., nearly always involves removal of part of the residual mantle of these rocks, which is then used for land reclamation, earth-dams, and so on. In the past little has been known of the weathering profiles on our local rocks, but the recent large-scale excavation work carried out at Tai Lam Chung and the Kowloon foothills has allowed detailed studies to be made. The results of this research should be of great value in future engineering projects.

Victoria and Kowloon, the two great cities of Hongkong, are both sited on outcrops of Hongkong granite, and it is not surprising that this rock has been utilised as the main building and facing stone. Its light colour, strength, durability, availability, and ease of dressing, give it tremendous advantages over all the other rocks as an all purpose stone.* It has only one serious disadvantage, it often tends to become stained with yellowish-orange limonite, giving it an unpleasant rusty appearance.

Since a large quantity of the granite is extracted from core-stones in the weathering mantle of the granite, these received attention in our weathering studies. It was found that in many instances the staining is connected with the breakdown of the biotite, and is merely an expression of the first stage of weathering in the granite. Thus the transition from brown to green biotite observable under the microscope is believed to be accompanied by a release of iron-bearing solutions which become oxidised on contact with the air and precipitate limonite. In the larger core-stones of the simple type and in most bedrock the biotite is pleochroic in brown tones and the granite blocks derived from them appear to withstand the test of time.

The Lan Tau granite-porphry, or Uglow's 'pudding stone' was recommended by him as a decorative stone in 1926, but in addition to having a conchoidal fracture and being difficult to dress it would have to be transported from Lan Tau. More

promising is the quartz-syenite-porphry on D'Aguilar Peninsula which is not nearly so susceptible to rusting as is the granite, but which retains its freshness far longer, rock faces blasted before 1899 are still relatively fresh in appearance! It occurs in shades of light grey and fawn. The low content of quartz makes it easy to cut and polish and it could be used as a decorative stone.

A large proportion of the concrete in the Colony is made from granite aggregates. Sand, which has been taken mainly from the beaches in the past, is gradually being replaced by granite fines.

The residual debris from the granite is of two kinds, the silty sand of Horizon II and the clayey sand of Horizon I. The silty sand has been shown to be suitable for all stabilisation work (Henry and Grace, 1948). It commonly has an optimum moisture content of about 20% with a dry density around 105 lbs/cu. ft. The clayey sand of Horizon I, owing to a variable content of colloidal material, has a liquid limit up to 500 and a plastic limit up to 33 both of which are very high for comparatively friable material of this type. Alone it can only be used for lower base courses, but if sand is added it can be used in a similar manner to Horizon II material. The optimum moisture content is around 18% and the maximum dry density is about 110 lbs/cu. ft. At Tai Lam Chung it has been used extensively for earth-dams.

Redmond (1931 and 1936) experimented with the clayey sand of Horizon I and found that one part of cement with three parts of "red-earth" possesses all the qualities of a good building mortar. He also found that the strength of the mortar increased roughly with the amount of alumina present.

In 1927 a specimen of this white residual clay from Hongkong granite, and a red residual clay from the Taitam facies of the Lan Tau porphyritic granodiorite were sent to the Imperial Institute to be tested for their suitability for higher grade wares (in Williams, 1948 pp. 199-210). The results were as follows:—

"The white and red clays, generally speaking, cannot be regarded as high-quality raw materials. The white clay yields on washing a material resembling kaolin, from which sound earthenware can be made, and lower-grade ware can be produced from the red clay, but the difficulties of working were such that economic manufacture on a commercial scale might be impracticable, and it would be necessary for preliminary large-scale tests to be made."

A further series of clays were sent to Dr. Ries of Cornell University. These included two samples of decomposed Hongkong granite from Tide Cove, and three samples of residual granodiorite from Tai Po Market. (In Williams,

* "Building Stones in Hongkong". Ruxton, Far Eastern Economic Review, Vol. XX, No. 5, 1956.

1948, pp. 211-222). The sample from Tide Cove could be used for bricks of various kinds and the washed clays for common earthenware, while the material from Tai Po was found to be of poor quality and could only be used in making an inferior grade of brick.

The kaolin content of parts of the residual mantle sometimes becomes sufficient for economic exploitation and Brock made a special study of the Cha Kwo Ling deposit. He wrote, (1948, pp. 185-186):—

"On a knoll just to the west of the kaolin the rock is so fresh that it has been quarried, while immediately to the east is another small knoll of fresh granite. Between these knolls the granite is completely gone to kaolin and the floor of the quarry now sixty feet below the surface is still in kaolin.

Between these neighbouring exposures of fresh granite a zone weathered to kaolin would scarcely be expected. Nor does the surface of the clay suggest the pure material beneath. It is the ordinary buff clay full of quartz grains and the latter are found at a depth of nearly thirty feet. For the first twenty feet below the surface the material is stained with pink from iron and manganese. The next ten is stained brownish as the iron changes to limonite before complete removal. In the last two feet of this zone before the pink has completely vanished the grains of quartz completely vanish, being eaten into and becoming friable before they disappear. While the process of kaolinisation is still incomplete the granite texture is still discernible, even 'shadows' of the old biotite are left but all traces of texture vanish with the completion of the weathering process.

From this point to the bottom of the quarry another thirty feet at the time of the visit all is solid kaolin, which forms the floor of the quarry. The kaolin is light buff-coloured when wet, but white when dry. The product is exported to Japan where it is said to be manufactured into toothpowder and face creams."

This is the only recorded instance in Hongkong where quartz apparently "disappears" in the normal weathering processes. It may well be that the surface with large core-stones (Brock's "rocky knolls") is partially abandoned by weathering agents and that long continued weathering in Horizon II material may go beyond the production of kaolin and sericite from the feldspars. Thus specimens have up to 29% of soluble alumina.

Elsewhere in the Colony kaolin occurs with quartz and sericite in Horizon II. The best deposits are confined to the older weathering profiles and are well seen around Tai Lam Chung and the northwest of Castle Peak. In the latter area there are many small pockets containing high quality kaolin which is being intermittently worked at the present time. Many of these are connected with shear and shatter belts trending ENE-WSW., across this area. Thus in one locality (at 300165) a mylonitic sericite schist, derived from the granite, is weathered to a fine kaolin deposit and is surrounded by a more quartzitic Horizon II.

The recrystallised welded tuffs (seriate-porphyrries) quarried extensively on Hongkong Island are the most durable of our local stones. They seldom stain even when obtained from small core-stones. The suitability of welded tuffs as building stones was stressed by Marshall (1935, pp. 356-357) in New Zealand, where less altered rocks are widely utilised.

Unfortunately these rocks have a sub-conchoidal fracture and are extremely tough. These factors coupled with their dull, medium-grey colour prevent their use as a facing stone and they are used almost exclusively for retaining walls.

The weathering debris of the acid volcanics is usually a clayey silt in Horizon II and a silty clay in Horizon I. The latter is used extensively for bricks, tiles, pipes, and

ornamental ceramic ware. West of San Hui, in the Castle Peak Valley, a folded series of acid volcanics has been weathered to moderate depths (more than 60 feet). The softer bands of rock are completely decomposed, and the inter-bedded harder bands show core-stones surrounded by clay. This clay mantle is a characteristic feature of the low hills in the southern half of the Castle Peak Valley and there appears to be large reserves of good clay available. In between the hills are some stratified beds of clay, up to 15 feet thick, which are also being exploited. The raw clay is used directly for making ordinary bricks and the washed clay is used for hollow bricks. Over 100,000 bricks a day are produced at this one locality.*

The Canadian geologists collected several hundredweight of clays from all over the Colony, most of which were tested by Dr. Ries. The best clay collected came from the weathering mantle on the Repulse Bay Volcanics on Apichau Island, Hongkong. It had good working qualities, and low air shrinkage. Ries reported, in Williams, 1948, p. 230:—

"I believe this clay would make a nice face brick. It could also be used in the manufacture of terracotta and fire linings. It might also do for boiler setting bricks, but it is not to be regarded as a good fire clay."

In the 1948 Report (p. 231) Brock wrote:—

"Sample 10 (weathered volcanic, Apichau) is typical of the Repulse Bay volcanics partially kaolinised, and may be taken as representative of clays from the widespread acid flows of the Rocky Harbour and of volcanic types of Tai Mo Shan. In places these rocks are completely kaolinised, yielding a correspondingly higher grade clay."

Other brick works using the residual debris from the acid volcanics are on the northern coast of Tsing I Island (Cheung-Hue), south-west of San Tin, around Sheung Shui, and near Au Ha at the head of Starling Inlet.

The metallic ore minerals are of three kinds, an iron ore group, a wolfram group, and the lead, zinc and copper minerals.†

The only iron ore mineral of importance in Hongkong is magnetite and the moderate deposit at Ma On Shan was described by Weld in 1914. The ore body is roughly lenticular in shape, about 700 yards long (east to west), and up to 100 yards wide. It dips to the north at from 30 to 60 degrees. It is sandwiched between quartzites, on top, and granites beneath, though in places some quartzites intervene between the granite and the ore.

Weld gave five complete analyses, two of the ore, one of the magnetite concentrate and one of the skarn. He was struck by "the great amount of magnesia, especially as compared with the almost insignificant amount of lime." Nevertheless he points out that eight samples of the skarn analysed in a private laboratory in Hongkong yielded an average of 6.05% CaO and 5.58% MgO, with considerable amounts of insoluble matter.

He ascribed the high magnesia content of the skarn to the former presence of a dolomite bed that "... has been converted in the vicinity of its contact with the granite into a magnetite-skarn bed, the latter following the lines and structural positions of the former." He assigned the deposit to the contact-metamorphism class.

Weld believed that on the average 1 ton of iron ore could be extracted from 2½ tons of crude ore and he estimated a reserve at about one million tons.

* See Ruxton, "The Value of Weathering Products in Hongkong". Far Eastern Economic Review, Vol XIX, No. 25, 1955.

† See Ruxton, "Mineral Prospecting in Hongkong" Far Eastern Economic Review, Vol. XVIII, No. 7, 1955.

The margin of the granite is muscovitic, often fine-grained and porphyritic, and in places it is cut by an anastomosing plexus of quartz veins. The latter are often composite with an outer margin of grey quartzose material and an inner portion of white quartzose material. The medium-grey portion is composed of dominant anhedral quartz and muscovite, sometimes with subordinate green biotite. Topaz and fluorite are commonly present and zircon is often an accessory. The white portion is made up almost entirely of milky quartz with minor quantities of fluorite. In many instances the medium-grey rock appears to be gradational into the normal granite, while the light grey quartz veins show no gradations and are clearly a later feature.

Most of the skarn is a grey-green rock with abundant quartz and pale and aluminous amphibole. Minor fluorite and sphene occur and the rock is normally cut by abundant fluorite-bearing quartz veins. The ore body is largely a magnetite chlorite rock and later shearing has brecciated this rock into cobble size fragments which are now margined by a highly polished surface of serpentine. A whole host of minor minerals occur in this "skarn zone", pyrite, chalcopyrite, molybdenite, etc. Occasional masses of calcite are seen and a specimen of mangandolomite is recorded.

To the north of Ma On Shan the acid volcanics are completely recrystallised up to 400 yards from the contact and are heavily veined by white quartz veins.

Weld also noted other localities where the contact-metamorphic iron ore deposits occur. These were:—

- (i) $\frac{1}{2}$ to 1 mile south-west from Tai Po Market;
- (ii) $\frac{1}{2}$ to 1 mile south-west of Tai Po Kau Station;
- (iii) $\frac{1}{2}$ to 1 mile north of Cave Hill;
- (iv) Immediately south-west of Jubilee Reservoir;
- (v) 1 mile west of the summit of Tai Mo Shan.

He noted veins of magnetite ore one mile north-east of Tsun Wan, and between Tung Wan and Shui Hau on south-eastern Lan Tau. Tegengren (1923) added one more, about 1 mile NNE. of Pui O, on south-eastern Lan Tau, and all these are shown on his map.

The wolfram group of minerals includes wolfram, scheelite and molybdenite with minor quantities of cassiterite. Unlike the other metallic ores this group frequently occurs in pegmatites and quartz veins within the granite and the Shing Mun Mine, at Needle Hill, is a good type example. Here a normal medium-grained biotite granite is cut by abundant and very regular pegmatite and quartz veins which trend NW—SE.

The main working ENE. of the Jubilee Reservoir is some 1,500 feet long. At the north-west end the pegmatite veins are from a few inches to a few feet wide and consist of quartz and orthoclase with molybdenite and wolfram concentrated near their margins. As one goes south-eastwards the content of the orthoclase steadily decreases to almost nil and the veins tend to branch in this direction. Moreover the molybdenite content decreases and the wolfram content increases along this line.

The margins of the veins are commonly sheared, and the granite on the contact is altered to a medium-grey rock. Many small cracks occur at other places in the granite and on either side of these there is a diffuse zone of medium-grey colour. Thin sections of both these types show medium-grained allotriomorphic textures and there is gradation from a normal granite to a replacement rock. The feldspars are replaced by topaz and the biotite by muscovite. The alumina from the feldspars seems to combine with the iron from the biotite forming almandine. Minor constituents include fluorite, apatite, sphene, and zircon. Apparently the

quartz is merely recrystallised. In 1941 some ten tons of wolfram ore, containing some 65% WO₃, were produced every month.

Other occurrences of this type have been noted at Lin Fa Shan (also near Needle Hill), Sheung Tong, and Ma Wan Island. Elsewhere the wolfram occurs on, or near, the margins of the granite cupolas and examples have been closely studied near Sha Lo Wan and at Devils Peak. Near Sha Lo Wan mineralisation occurs along an east-west shear zone (from 274978 to 260079) roughly parallel with, and over-lapping, the granite-quartz-porphry contact. Ore is concentrated along fractures trending ESE-WNW., and dipping at about 60° to the south-west.

As in other instances cited above two distinct types of mineralisation were noted. A reticulating stockwork of medium-grey quartzose "vein" cuts the recrystallised quartz-porphry. They are fine-grained rocks with a xenomorphic-granular texture and are gradational into the country rock. They are composed dominantly of quartz, bleached biotite, with minor orthoclase, oligoclase, topaz, fluorite, beryl and ore minerals. The latter include molybdenite, chalcopyrite, arsenopyrite, wolfram and pyrite. A later set of white quartz veins occur with sharp boundaries and these trend dominantly ENE.-WNW., dipping to the south-west at about 60°. They contain very minor quantities of molybdenite, wolfram, chalcopyrite, arsenopyrite and galena.

A magnetometer survey showed a high anomaly at 262979 and this locality was the most strongly mineralised. The original quartz-porphry is altered almost beyond recognition to a hybrid rock. This is mottled light and dark grey with variable amounts of brown biotite, green hornblende, zoned oligoclase, orthoclase and quartz occurring as larger crystals. The groundmass is composed of quartz, orthoclase, microcline, oligoclase and biotite with minor calcite, fluorite, apatite, zircon, allanite and ore minerals. The complex of vein rock at this locality has dominant quartz, bleached green biotite and muscovite with minor calcite, fluorite and iron ore. To date little ore has been produced from this area though active prospecting has been in progress for some time.

At Devils Peak both wolfram and beryl occur in moderate quantity in greisen. The beryl is concentrated in a few small isolated "complex" veins in the granite, and occurs with muscovite and quartz. Preliminary examinations of these veins led to some false impressions, for the main vein on Devils Peak (at 643998) contained up to 60% beryl in places, in fairly large crystals. As excavation proceeded downwards the size of the crystals gradually decreased and it became clear that this mineral could not be extracted economically by hand.

On the other hand, wolfram, which appeared at first sight to be rather rare, was found to be disseminated in small quantities (0.01 to 1%) throughout much of the greisen. Some preliminary grid sampling has yielded promising results and moderate scale production might be possible using bulk extraction and crushing methods.

The third metallic ore group includes lead, zinc and copper minerals. To date galena is the only ore that has been exploited in the sheared acid volcanics, at the Lin Ma Hang Mine in the New Territories. A brief report on this mine was made by Davis and Snelgrove in 1956. Their map and geological descriptions are very poor, being a reiteration of previous descriptions for rocks occurring elsewhere. On the other hand they gave a clear description of the structure.

They concluded that the genesis of the galena was by "mesothermal to epithermal replacement with minor vein deposition". The source of the ore-bearing solutions was

COMMUNISTS AND BOURGEOISIE IN CHINA

A scholarly British commentator, at a time when Chinese studies were something of a rarity and the fad of the few, proclaimed that the Chinese are "the most rebellious and the least revolutionary of peoples." But the one real revolution that did occur—when the warring Kingdoms were battered into a single Empire by the First Emperor and his revolutionary Prime Minister Li Ssu—was a fierce and bloody affair. The present revolution, deep as it goes into the very veins and sinews of a great people of history and cultural tradition, has been relatively mild—and certainly far milder than the fierce and at times savage struggle in Russia. A large proportion of the 20 million

disposed of in a variety of ways in the militant first few years of the new order have been "rehabilitated." Many of the old officials of the Kuomintang government and army are now appearing in public after a period in which they were in various stages of identity or non-identity. They have no power, but they appear at conferences, are permitted to say their piece, and are no longer "unpersons." And one might almost assume that quite a lot of them are running the country once more if one were to judge by the number of speeches these retired celebrities were induced to make at the last session of the Central People's Political Consultative Conference in Peking in the first fortnight of March.

ascribed to the "Tai Mo Shan porphyry (Jurasside), within the periphery of which, and in the adjacent schists, is the zone of mineralisation."

They mention that "in the later fracturing massive galena yielded in places by the development of gneissic structure." This, of course, is the crux of the matter, for the deposit occurs in the thrust belt crossing the north of the Colony.

The author has examined this area and some of the specimens collected for the above study. The country rock is, without exception, variably sheared acid porphyry, which the author interprets as a rhyolitic welded tuff. It is fairly clear that galena is not derived from any of the country rock exposed in this area and its source remains unknown. The deposit is probably post-Lower Cretaceous and pre-Red Beds, thus belonging to a period of mineralisation within the time span of the Major Intrusive Complex.

Another interesting locality containing lead, zinc and copper ores occurs on the northern slopes of Tai Mo Shan, again in the acid volcanics. Here lenticular bodies of wall replacement rock occur associated with east-west fractures, which dip at from 60 to 90 degrees to the south. Many quartz veins also trend in this direction. The country rock is replaced by chlorite and epidote and the sulphides of lead, zinc and copper are generally disseminated in it. In places lenses of high grade ore occur. The area is being actively prospected at the present time.

The age of the metallogenetic epochs is debatable. Uglow wrote:—

"It is interesting to note that in nearly every case, the metalliferous deposits are found in the vicinities of the Lan Tao granite porphyry which leads to the inference that this rock has been the chief metallic mineral provider in the Colony." (1926, p. 75).

In the same year Brock and S. J. Schofield had suggested three main metallogenetic epochs (1926, pp. 580-581). The Taitam intrusives (syenite) with magnetite and sulphides in the Jurasside Revolution. The Hongkong granite with the wolfram group and magnetite in the Laramide Revolution and, finally, the Lan Tao intrusives with silver—lead, in the Miocene.

In the first place all these intrusives now find their natural place in the Major Intrusive Complex, and secondly the only important occurrences of magnetite and wolfram groups are associated with Hongkong granite. The lead, zinc and copper minerals, however, show no clear associations. It is possible that since both these deposits and the granite-porphry dykes are associated with prominent ENE-WSW. fracture zones they may be genetically connected in some way.

That impression was heightened rather than diminished by the circumstance that many of the members of that body were permitted to attend the Supreme State Conference and listen to the pronouncement of the head of the Party and Government, on February 27. The details of this speech have yet to be disclosed—and it has even been suggested that it may never be made available to any but the top Party men. What we do know is that it seemed to have caused a great deal of relief and satisfaction among the bourgeoisie, and intellectuals who do not belong to the CCP. All the bourgeois Parties have been permitted freely to recruit new members of their own particular calling, and have even been instigated to do so because it makes control and manipulation from the Centre so much the easier. And not only have their membership lists been expanded considerably to take in a variety of former members of the Government, Kuomintang, and Nationalist Services, but some 70 more of them attended the PPCC session.

It was not quite so satisfying to have to listen to the chorus rather than to ponder the words of the man who has more authority in China today than any ruler has enjoyed for more than a century. But the chorus was in good voice. Contributors to it included former dignitaries of whom nothing whatever has been heard in the outside world for a decade or two, such as Hsueh Tu-pi, once one of the most important counsellors of the Christian General Feng Yu-hsiang. Some, like Chen Shu-nung—who once had the embarrassing title of Deputy C-in-C. of the Bandit Suppression Headquarters at Hsuehchow—had recently responded to the invitation of the Communists and had crossed the border from Hongkong. These and others—who are alone quoted in comment upon Mao Tse-tung's speech—would in any case be grateful for small mercies after their long relegation into house arrest, obscurity or worse. Yet there is no mistaking the ring of appreciation in their voices.

Many things have gone wrong in the organisation and in the plans, but Mao Tse-tung stands on a very different plane from Stalin in the treatment of the personages who are supposed to be regarded as useless encumbrances or as scum and enemies of the people. Peking has in fact handled the problem of Socialisation and of human relations with typical subtlety and dexterity. It was Mao Tse-tung who, on the very doorsteps of the declining and wavering National People's Congress, ordered the "high tide" of transformation both on the farms and in the factories, on the simple but formidable ground that if they did not socialise the peasant, the peasant, with his ineradicable capitalist tendencies, would revert and impel the reversion also of the State. It was he who called the leading members of the Federation of Industry and Commerce together and induced them to acquiesce in a "high tide" also of industry and commerce, so that by the end of the year both agricul-

ture and industry and commerce were swiftly transformed. There were all the sound elements of "horse trading" in this stroke. The understanding was that so long as the others deferred to the prejudices, shibboleths, and doctrines of the Communists, they would see to it that the Government in turn deferred to their needs. The bargain so far has been honoured. The capitalists are to get their 5% or more for a dozen years, and the managers and their deputies got their job back. The threat of wholesale transfer into the interior or virtual death through inanition of the coastal industries and commerce, or of periodical visitations by the activists during "anti" campaigns was withdrawn. Orders and more orders poured in from Government, industry boomed, and finally State polity restored coastal enterprise to high favour. On the farms failures in mechanization hopes have been compensated for by ever-increasing loans and a variety of freedoms to trade at the lower levels.

The colossal support given by the State to agricultural production during the past few years was illustrated in many charts on display at the National Agricultural Exhibition in Peking, at the end of February. From 1950 to 1956, the

State invested 7,800 million yuan (about £1,100 million) in agriculture, forestry, fishery, and animal husbandry and furthermore issued in agricultural loans a total exceeding 3,340 million yuan, the greater part of which was outstanding from last year. Support given by the State to the peasants through the supply and marketing co-operatives has also been considerable. The double-bladed ploughs were a scandal rather than a support, but even so 2½ million of these and other modern farm implements were supplied, together with 5.3 million tons of chemical fertilisers, 170,000 tons of insecticides, and 2½ million items for the use of insecticides and other operations. In six years, nearly 100,000 students have been given agricultural and technical training in the colleges and schools, and technical reconstruction is said to have produced "great effects" in the rural areas, with more than 14,000 technical promotion stations, together with forestry experimental, marine production technical guidance, veterinary, hydrological, and typhoon warning stations numbering more than 1,000 altogether. In addition there are over 2,400 model livestock breeding stations, state farms, and ranches.

And yet there is little doubt that life is as much a struggle as ever on the vast agricultural lands of China; and in the provinces ravaged last year by drought and flood, much more so. The city may have its queues and its rationed distribution, but the industrial workers have fared a lot better than the farming people of the north, especially in Anhwei and Hopei, whose plight at present is appalling, and who have just been told that they will have to make-do now till the autumn harvest, since the great waterlogged plain crossed by the Yellow River cannot be cleared in time for summer crops, and once more "famine areas" have official currency.

Since the terroristic "anti" campaigns drove so many to suicide and aroused the fear and enmity of the bourgeoisie, the regime has gone out of its way (having in the main accomplished the articles of its Marxist faith in putting farm and factory under the ownership as well as the complete direction of the State) to induce all non-Communists to accept and co-operate with the new order. It has put new heart into the more sensible of the European Communists, and appalled the extremists. But Peking is entitled to boast that it was wiser than those who, in Europe, waited in intransigence for the storm they never expected and contemned, to break over their heads. It may well be that the upheaval in Poland and in Hungary pushed this policy of moderation along; it is more likely that deep tradition and plain domestic necessities dictated the policy, for China's peasant Communists were quite incapable of running a modern industrial State themselves. Their intellectual equipment was innate rather than acquired and it was remarkable enough that it threw up such an extraordinary leader of finance and economy as Chen Yun, whose only experience was as a worker in a printing establishment. There is hardly a university man or a professional man in the whole hierarchy, and they had to get the intelligentsia and bourgeois into the State machine or it would simply disintegrate. But that was not the sole problem. In some ways the more difficult problem was to induce Party and public personnel to co-operate with the private personnel, and to make peace between the worker who, as a bullyboy, terrorised his former boss, and the manager now confirmed in his position of responsibility. Statements made at the PPCC suggest that long strides have been taken toward the solution of that problem also. Yet it is a long way to real peace, real prosperity, real harmony, and real position among the Great Powers of the earth—and to real solutions of China's Problem of People, which is so much greater in magnitude, though not in detail, to our own in Hongkong.

THE KASHMIR DISPUTE—INDIA'S CASE

The Far Eastern Economic Review cannot accept responsibility for any of the views of its contributors and it is its policy to avoid political issues of a controversial nature. In the issue of the Review of February 21, 1957, however, an article appeared under the title of 'THREAT TO PEACE IN ASIA—THE KASHMIR DISPUTE BETWEEN INDIA AND PAKISTAN' and it is therefore considered that the following article containing a statement of India's case by a contributor should be published (—Ed.).

I. Introductory

Until the third quarter of 1956, world affairs seemed to move increasingly towards peace and international harmony. It appeared as if the West and the East would bury their hatchets and the prospects of peaceful co-existence—by whatever name you may call it—appeared to be bright. Suddenly, however, from October 1956 onwards, the gods who decide the political destinies of nations seemed to have become wicked and all the good work that had been done since the fall of Stalin began to be undone; and, in one after another of the key areas of the world, the forces of security and order began to be replaced by those of lawlessness and disorder. International morality, which was based upon considerations of sanctity of contracts and democratic procedures was vitiated by an atmosphere of conspiracy. What is the result of all this? On the frontiers of Europe, in the Middle East and now in Asia, we are facing the gradual destruction of the democratic way of life. What this will all lead to in the future, no one can tell. However, it is abundantly clear that those who are guiding the policies of the West must pause and take stock of what is happening. It is certainly not in their interests, much less in the interests of the Asian and other countries involved, that there should be chaos and disorder in this vital area. It is in this setting that India hopes the rulers of Western nations will envisage the problem of Kashmir. Kashmir has been an area of peace for the last eight years, just as the Middle East was an area of comparative peace till last year. Statesmanship demands that, in the interests of the people of Kashmir, of Pakistan and India, and of the neighbouring countries, the peace and tranquillity of this area should be left undisturbed. It is the considered opinion of the Government and people of India that to disturb the status quo must lead to the forces of disorder being unleashed in the entire sub-continent.

In regard to the Kashmir dispute, India feels that her case has gone by default and that, the greater part of the world opinion today, including the United Nations, has based its attitude on the Kashmir question on a gross simplification of the entire problem. Very few people in the world have the patience, much less the inclination, to study carefully anything that does not particularly affect themselves, and it must be said that the Kashmir dispute is veritably a maze of events and documents. On an issue which is nearly 10 years old, it is quite easy to be superficial, particularly for newspaper correspondents out for sensational news and for foreign politicians who are busy with their own problems. It is tempting to simplify an issue and to suggest direct solutions without reference to the rights and wrongs of a matter. In the following paragraphs, an attempt is made to show how this superficial attitude has led to decisions particularly unfair to India.

II. Certain Misconceptions

Before we come to the central issues involved in the Kashmir dispute, it is necessary to dispel some of the basic misconceptions, which seem to have misled even some friendly critics of India.

Firstly, it has been stated that India has broken pledges. This is misconception No. 1. As will be seen from what follows, however, it is not India, but Pakistan who has broken pledges. The resolutions of the United Nations in regard to Kashmir have been in the form of recommendations which are binding upon any member-nation only to the extent that the latter have accepted them. Only two such resolutions were accepted by both India and Pakistan, namely the Resolutions of August 13, 1948 and of January 5, 1949, which provided for the establishment of a ceasefire, the conclusion of a Truce Agreement, including the withdrawal of Pakistan troops as well as tribesmen from Kashmir, and the determination of the future status of Kashmir "in accordance with the will of the people". However, although a ceasefire has been established in accordance with these resolutions, Pakistan has never implemented the second part of the resolution, namely, the withdrawal of Pakistan troops and tribesmen from Kashmir, on which depended the initiation of the plebiscite. These resolutions were acceptable to India, for they implicitly accepted the de facto sovereignty of India in Kashmir and also permitted her to maintain a certain minimum strength of her military forces, necessary to assist the local authorities in the observance of law and order. However, both India and Kashmir have waited all these long years for Pakistan to implement its own commitments. It is a strange irony that the spokesmen of Pakistan and her present-day allies in the Security Council should ignore this basic fact, namely the breach of a material pledge given by Pakistan on which a satisfactory solution of the entire Kashmir dispute depended! Now, if one party to an agreement refused to implement, it would be too much to expect the other party to observe that agreement.

Secondly, it has been said that India has defied the United Nations, by "annexing" or to use more bizarre language, by "grabbing" or "seizing" Kashmir in the face of a Security Council resolution. This fact has been made much of in many American newspapers with a complete disregard of the real situation. False analogies have been drawn between Suez and Hungary on the one hand, and Kashmir on the other, and India has been accused of "double standards". However, as will be seen more clearly later on, there has been no question of "annexing" Kashmir, because the accession of Kashmir was legally complete in 1947, when the Maharaja of Kashmir who was the only competent person to sign it, put his signature to it, on the advice of the National Conference, the ruling democratic body consisting of Muslims, who had opposed the Maharaja throughout his regime. As will be seen later, all that happened was that the Constituent Assembly of Kashmir, which was also its Legislative Assembly, was called to decide the internal structure of the State and also to confirm the accession of the State to India with popular approval. This Constituent Assembly was sitting for nearly five years and it concluded its labours long ago. It was a purely routine decision to wind up the Constituent Assembly on the 26th January, which happens to be the Republic Day of India, including Kashmir. It was just a matter of convenience, as the same Constituent Assembly was to be convened as the Legislative

Assembly as from the 26th January, 1957. Pakistan's propaganda gave the impression to the world that the 26th January 1957 was chosen as a date for the formal incorporation of Kashmir into India. This was a travesty of facts, but unfortunately, many gullible people swallowed the story. It must be stated that the administrative integration of Kashmir with India has been taking place throughout the last five years or so and it has been complete long ago.

Thirdly, the question has been asked why Mr. Krishna Menon, India's Representative at the Security Council, then, made a "marathon" speech of more than 8 hours and indulged in a "filibuster". This again is another misconception. The marathon speech itself was necessary because of the great hurry in which the Anglo-American group in the Security Council wished to get their resolution adopted before the 26th January, 1957—an imaginary date of accession! Krishna Menon, moreover, had to make a complete statement, re-stating and recapitulating as fully as possible the essential points involved in the dispute, before the Security Council took any decision, especially in view of the fact that the issue had not been before the Council for several years and completely new personnel of Delegations were found fumbling with the complexities of the dispute. His brilliant speech threw a flood of light on the whole subject and the Anglo-American delegations in the Security Council were visibly shaken. However, the Anglo-American group in the Council was not even prepared to hear out Krishna Menon, but decided to present a resolution in a break-neck hurry, so that the D-date of the so-called "annexation" was not exceeded!

As regards the "double standards"—i.e. one standard for Suez and another one for Kashmir—it is clear, therefore, that India has not defied the Security Council, because the Security Council resolution is like a cart before the horse and completely ignores both the history and the law of accession. However, there are more things to be said about this. Firstly, unlike Suez or Hungary, there has been no aggression on the part of India in Kashmir. If anything, there has been aggression on the part of Pakistan in Kashmir and, as Pandit Nehru has pointed out, it is a continuing aggression. One of the primary purposes, if not, the *raison d'être*, of the Security Council is to prevent and remedy aggression. It is all in the Charter of the United Nations. If, instead of attending to this primary function, the Security Council amuse itself with irrelevancies, what respect can India have for such a body? But, to revert to the main point, where is the comparison between Suez and Hungary on the one hand and Kashmir on the other today? In Kashmir, there is a ceasefire, there are no disturbances of the peace, and at least on the Indian side, there are both freedom and a growing prosperity for the people. In other words, there is no emergency, about which the Security Council could get excited. If there is any emergency, it is only in Pakistan, who are, to all intents and purposes, bent upon just creating such an emergency. It is a strange logic, indeed, that the Security Council should think of sending a United Nations force to Kashmir to prevent India from committing aggression or causing bloodshed, when, in fact, it is Pakistan, which is the aggressor, a continuing aggressor, and proposes to let loose the hordes of the North West Frontier on the people of Kashmir once again, followed by her own troops! So far as India is concerned, her intentions are peaceful. If there are any troops in Kashmir they are there for the defence of the State. India has no intention of attacking Pakistan or even the part of Kashmir which is illegally occupied by Pakistan. If it were the intention of India to liquidate even that part of Kashmir which is occupied by Pakistan, she would have done so long ago and quite successfully. The issue boils down to this,

therefore, that Pakistan has no reason to throw dust in the eyes of the world that there is a disturbance of the peace, either now or in future. There is no question of any "double standards" on the part of India. If there are any "double standards", they are on the part of the Security Council, in that while the aggressors were called to order both in Suez and Hungary, in the present case, Pakistan, who has been the aggressor, has not been called to order by them during the past nine years.

III. Background

The State of Jammu and Kashmir, like most other States in undivided India, was a feudal remnant of a bygone age. The fact that the old Maharaja was despotic and suppressed civil liberties, regardless of the prime interests and desires of the people of the State, is common ground. Neither the majority Muslim population of the State nor the democratic forces in India, personified by the Congress, approved of the Maharaja's rule. In the early thirties of the current century, an organised movement of the people grew in the State. Initially, it was known as the Kashmir Muslim Conference and the main aim of this organisation was abolition of the Maharaja's rule and the establishment of a democratic government. Very soon the national character of the movement began to be strongly felt and many Hindus also joined. Thus the Kashmir Muslim Conference came to be known as the National Conference. The National Conference realised both from its own experience in Kashmir and from the course of events in India that democracy in Kashmir was impossible without winning independence from foreign rule for the whole of the country. The National Conference decided, therefore, to join the main stream of the Indian freedom movement, under the Congress. The Kashmir national movement received the support of the leaders of the Indian Congress, including Mahatma Gandhi and Pandit Nehru. Pandit Nehru was arrested by the State authorities as late as in 1946, when he tried to come to the help of the Kashmiris whose liberties were suppressed by the Maharaja. On the other hand, Mr. Jinnah, the Leader of the Muslim League, and the founder of Pakistan maligned the National Conference and its leader Sheikh Abdullah, who was fighting against the Maharaja's rule, as "malcontents out to destroy law and order in the State".

The British withdrew from the Indian sub-continent in August 1947 and the country became free after about a period of two hundred years. At the same time, it was partitioned and a separate Dominion of Pakistan was created. The Pakistan Government promptly imposed an economic blockade against the Jammu and Kashmir State. The export of essential commodities to the State along Jhelum Valley Road was stopped without justification. The Pakistani authorities prevented State trading agencies from importing into the State allotted quotas of petrol (384,000 gallons), wheat, salt, kerosene oil and cloth. Consequently, the people in the State were faced with an acute shortage of these commodities and suffered hardships on this account. These measures were aimed at coercing the State into accession to Pakistan.

While the economic blockade was continuing, the State was subjected to an armed invasion across Pakistan territory in the Punjab and the North-West Frontier Province. On September 3, 1947, 300 men armed with spears and guns waylaid and murdered a subject of the State near Samba. Another armed 400 Pakistan nationals attacked the village of Dohali in the Jammu Province. The marauders looted the village and burnt down houses. These periodic armed incursions into the State territory increased

in number, tempo and magnitude and developed into a multi-pronged invasion of the territory of the State by thousands of tribesmen. On October 20, 1947, a large column of Frontier tribesmen attacked the State borders near Muzaffrabad. The tribesmen were armed with Bren and Sten guns, heavy mortars, howitzers, anti-tank rifles and land mines. Although the raiders did not wear uniforms in the beginning, subsequently they started using battle-dress, steel helmets, army great coats and boots. It was soon discovered that all these came from Pakistan and also that Pakistani soldiers and officers were assisting the raiders.

After Muzaffrabad, the raiders captured Domel, Uri, Baramulla and Pattan and headed towards Srinagar, the capital. All the captured towns were pillaged and burnt down and the inhabitants (mainly Muslim) killed, beaten or tortured. The hydro-electric installation at Mahora, which supplied power to Srinagar and other towns in Kashmir, was destroyed. By now this was no longer a raid but a full-sized armed invasion which could not have been conducted by irregulars only. In this armed invasion, it was not the Hindus, but the Muslims of Kashmir who were attacked by their brethren, the so-called "liberators" who came across the frontier, aided and abetted by Pakistan. As Krishna Menon pointed out in the Security Council, "if the Kashmir territory was aligned with Pakistan by kinship, by links of blood, race or religion, then that was a strange way of showing that friendship by invading Kashmir". The district of Poonch (nearest to the Pakistan border) was the spearhead of the invasion and, it is a travesty of facts that the men who fought in Poonch were local Kashmiris out to depose the Maharaja. In fact, at no stage, was there any armed rebellion against the Maharaja within the State of Kashmir, where the people have always been peaceful, almost pastoral, in their ways of life.

It was at this grave hour of Kashmir's history that the National Conference gave a call for resistance to invaders from Pakistan. The Kashmiris rallied as one man round the National Conference. Volunteer committees were formed and a National Militia was set up. The National Conference took over the administration and maintained ceaseless vigilance against enemy infiltration into the city. Perfect communal harmony prevailed in Kashmir, and Hindus and Muslims alike joined the volunteer forces of the National Conference.

Although they held up the enemy's onrush, prolonged resistance to well-trained and well-equipped invaders was out of the question. The invaders were meanwhile pushing ahead, destroying and looting whatever came their way, and the city of Srinagar was thrown in grave peril. The Maharaja appealed urgently to the Government of India for military help, and requested at the same time that the State should be allowed to accede to India. In this he had the full support of the people, for both the appeal and the request for accession were supported by leaders of the National Conference. The Instrument of Accession, signed by the Maharaja, was accepted by the Governor-General of India. The accession of Kashmir to India was now complete and irrevocable, legally and constitutionally. The territories over which the Maharaja had suzerainty, as recognised by the British Government, became an integral part of the Indian Union as the State of Jammu and Kashmir. Kashmir having become Indian territory, its defence became the responsibility of the Government of India, which then rushed troops to the State to repel the invaders. The first contingent of the Indian Army arrived in Srinagar on October 27 and more reinforcements poured into Kashmir thereafter. The arrival of these troops sent joy all over the State and thousands of Kashmiris came out into streets to welcome them.

The National Conference leadership rejected the alternative of Kashmir's accession to Pakistan, not only because Pakistan had committed an act of aggression against Kashmir, but also because the whole basis of Pakistan and the way it had come into existence were contrary to the Kashmiri peoples' ideals and aspirations, for which they had struggled from 1931 onwards. The decision about Kashmir's accession to India was welcomed by the people of the Jammu and Kashmir State. The National Conference, which is the largest and the most influential party in the State and at the time the only medium of expression of the people, upheld the decision. The State's accession to India and the timely arrival of Indian troops in Kashmir saved the Kashmiri people from further wanton destruction, loot and murder.

IV. Accession to India

The question of aggression turns round the question of accession of Kashmir to India. It is significant that neither the Security Council nor the United Nations Commission on India and Pakistan (UNCIP), nor, in fact, Pakistan herself has dealt with this issue of accession. The Security Council bypassed it, although the UNCIP admitted it by asking Pakistan to withdraw her forces completely from Kashmir, as Pakistan had no right to be there. The London Times recently proposed that the issue of accession be placed before the International Court of Justice. It is doubtful whether this will be accepted by India, as it is not a justiciable issue, just as much as the constitution of India or Pakistan can no longer be a justiciable issue. Moreover, the facts of accession are clear and the Instrument of Accession is there for all to see, signed by the Maharaja, on the advice of his Ministers and with support of the National Conference representing all shades of political opinion in Kashmir. The procedure of accession was described both in the Act of 1935 and in the Indian Independence Act, which prescribed a standard form for the instrument of accession. This standard form was as follows:—

"Whereas, the Indian Independence Act, 1947, provides that as from the fifteenth day of August 1947, there shall be set up an independent Dominion known as India, and that the Government of India Act, 1935, shall with such omissions, additions, adaptations and modifications as the Governor-General may be order specify be applicable to the Dominion of India; Now Therefore I Ruler of . . . in the exercise of my sovereignty, in and over my said State, do hereby execute this my Instrument of Accession."

It is to be noted in the above form that it was the Ruler of each State who had the authority to execute an instrument of accession. In the present case, the Maharaja of Kashmir signed the Instrument and it was accepted by Lord Mountbatten on behalf of the Government of India. In accepting the accession, Lord Mountbatten added: "It is my Government's wish that as soon as law and order have been restored in Kashmir and her soil cleared of the invader, the question of the State's Accession should be settled by reference to the people." India was under no obligation to commit herself in this way to ascertain the wishes of the people of Kashmir. But this unilateral offer was intended to emphasise the fact that it was mainly with the people of the State that India wished to unite and not merely with its autocratic Ruler. Thus, although the legal position in regard to accession was perfectly sound, India desired also to give a moral basis to the accession. This, however, was a promise made by the Government of India to the people of Kashmir, and not to any outsider like Pakistan or the Security Council. It is in this context that the Constituent Assembly of Kashmir, which sat for nearly five years, became significant, as that was the best way to consult the wishes of the people in a state where the chosen representatives of the illiterate masses would be in a position to represent the views of the people most effectively. It has been stated on behalf of Pakistan that the accession

was "fraudulent", that it was "stage-managed and was achieved by deliberately creating a set of circumstances to lead up to accession and military occupation". Here, indeed, is some topsy-turvy logic. As even Pakistan has admitted, military occupation, if any, by India came after the accession. It was necessary to defend the people of Kashmir from the marauding tribesmen and their associates, the Pakistani troops. In other words, accession came first and was not brought about by force.

Then, it has been said that the acceptance of accession by India was "provisional". This is another mis-statement. What is forgotten is that the offer of accession and its acceptance not only completed the accession but created a union of Kashmir with the other component states and provinces of the Indian Federation. Krishna Menon, in his speech, has very cogently expounded the legal aspects of this question. He has mentioned in particular, how the component units of a federation have no right of secession. He has quoted the American case, *Texas v. White*, where the Supreme Court said: "When, therefore, Texas became one of the United States, she entered into an indissoluble relation." Also, "It was the incorporation of a new member into the political body and it was complete and final . . . There was no place for reconsideration or revocation, except through revolution or consent of the States." He mentions another instance, namely, that of Western Australia, in which a plebiscite was taken, which went in favour of separation. However, as any alteration of the law required the consent of the British Parliament, it was debated at a judicial session of Parliament. Parliament's view was that Western Australia could not secede, and that at any rate, the decision had to come from the Australian Parliament—and even then it would not be secession, but it would be in separation. There was, therefore, in Kashmir no question of any provisional acceptance of the accession, and as regards consultation of the wishes of the people, it has already taken place through the Constituent Assembly.

Finally, it has been stated that the Maharaja could not sign the instrument, as his people had disowned him and the so-called Azad Kashmir Government was exercising control over a major part of the State. This, again, is incorrect. The so-called Azad Kashmir Government was not functioning on the material date, the 26th October, 1947; nor did it control any part of the State administratively. The Maharaja was still in power, his capital still intact, and his Government was still functioning. Moreover, the invaders were tribesmen and Pakistani soldiers, who, as even the UNCIP recorded later, had no locus standi in Kashmir. The accession of Kashmir to India, therefore, is final, irrevocable and unquestionable. That being the case, Pakistan's continuing occupation of any part of Kashmir amounts to aggression and a violation of the United Nations Charter.

V. In the United Nations

On the 1st January, 1948, India complained to the Security Council under Article 35 of the Charter and requested the Security Council: (1) to prevent Pakistan Government personnel, military and civil, from participating or assisting in the invasion of Jammu and Kashmir State; (2) to call upon other Pakistan nationals to desist from taking any part in the fighting in Jammu and Kashmir State; and (3) to deny to the invaders, (a) access to and use of its territory for operations against Kashmir, (b) military and other supplies, (c) all other kinds of aid that might tend to prolong the present struggle. On the 19th April, 1948, India also complained that Pakistan forces were not only giving active assistance to the tribesmen but were physically present in Kashmir with arms and ammunition. Pakistan continued to plead ignorance and protested innocence, although, in fact, Pakistan herself had arranged the invasion. This fact is of great importance, because once again Pakistan is telling us that something like one million tribesmen are ready at the frontier to invade Kashmir and that Pakistan is "helpless" in preventing their entry into Kashmir! It was not until July 1948, that Pakistan admitted its parti-

cipation in the aggression. Pakistan's Foreign Minister, Sir Zafrullah Khan, announced that three Pakistani brigades had been on Kashmir territory since May 1948, adding that Pakistan had to send them in "self-defence". The UNCIP described Pakistan's disclosure as a "bombshell", but neither the Commission nor the Council acted upon Pakistan's admission of direct participation in the war, although the very next month, Karachi admitted that even the so-called Azad Kashmir forces were under the overall command of the Pakistan army. At this stage, the UNCIP adopted the resolution which read as follows: "As the presence of troops of Pakistan in the territory of the State of Jammu and Kashmir constitutes a material change in the situation since it was represented by the Government of Pakistan before the Security Council, the Government of Pakistan agrees to withdraw its troops."

Regardless of this resolution, however, Pakistan not only did not withdraw its troops but continually reinforced them, and two years later on September 5, 1950, the U.N. Mediator, Sir Owen Dixon, reaffirmed what the UNCIP found in July 1948 and reported to the Security Council as follows:—"Without going into the causes or reasons why it happened . . . I was prepared to adopt the view that when the frontier of the State of Jammu and Kashmir was crossed . . . by hostile elements, it was contrary to international law and that when in May 1948 units of the regular Pakistan forces moved into the territory of the State, that too was inconsistent with international law."

No action however was taken by the Security Council on any of these statements, although, in fact, the Security Council could have advised Pakistan to withdraw its forces from Kashmir forthwith. Instead, the Kashmir issue got bogged down in the quagmire of international politics. The Security Council majority group consisting of the Anglo-American powers took up a strange attitude. In brief, they said: "Now, don't worry about the past, or about the legal niceties, gentlemen; tell us what you propose to do to establish peace." At this, Pakistan came out with proposals for a "fair settlement", which included (1) the withdrawal of Indian troops; and (2) the removal of the legal and duly constituted Government of Kashmir. Naturally, India could not agree to such proposals and the Prime Minister of India was constrained to observe: "Instead of discussing and deciding our references in a straightforward manner, the nations of the world sitting in that body got lost in power politics. . . It is neither the realities of the situation nor the ability with which a case is put forward that weigh with these powers." The Council then adopted one or two pale resolutions calling upon Pakistan "to use its best endeavours" to do this and to do that, and, needless to say, Pakistan did nothing. Then, on the advice of the UNCIP, the Council adopted two important resolutions namely those of August 13, 1948, and January 5, 1949, to which reference has already been made and which were, in fact, accepted both by India and Pakistan. Accordingly, there was a cease-fire. But the second stage, that of a Truce Agreement, which laid down conditions, such as the withdrawal of all Pakistani troops as well as tribesmen and Pakistan nationals, and the maintenance of a minimum Indian force, etc., never really materialised, and so, the third stage namely that of plebiscite also remained in cold storage for nearly nine years. The Cease-fire Agreement was really at the expense of India, because India had to exercise great self-restraint notwithstanding a favourable military position. Then Pakistan went on tinkering with various proposals regarding the strength of India's forces in Kashmir vis-a-vis her own, all the time strengthening her position in the Pakistan-occupied part of Kashmir.

Why did the Security Council stall on the Kashmir dispute? The Soviet Union, indeed, abstained from voting throughout, desiring neither to hurt Pakistan nor India. On the other hand, the Anglo-American group had a plan of their own. That plan was either to install Pakistan in Kashmir, or, if possible, make Kashmir an independent State. Kashmir's strategic position was found to be of great interest, with immense possibilities of having strategic bases

in an important area not far from the Soviet Union. This, however, could be possible only if India could be elbowed out of Kashmir. The moral basis of the Security Council resolutions on Kashmir was vitiated and it was not India which was in the dock but the Security Council itself, so far as the moral aspects of the issue were concerned. All the subsequent resolutions of the Security Council, including those recently adopted have been aimed at dislodging India from Kashmir. Hence the tremendous emphasis on a plebiscite which is being placed by both Pakistan and its supporters.

VI. Pakistan's Case

Pakistan has put forward certain extra-legal considerations in support of its case. The first of these is geographical contiguity. However, this is a common factor. Kashmir has not only a frontier with Pakistan but also one with India, including communications with India. It has also frontiers with Russia, China and Tibet. What is more important, however, is that Kashmir's economic relations are very much more intimate with India than with Pakistan. The second consideration advanced by Pakistan is based on the question of religion. This is what is called the "two-nation theory". Theoretically, Pakistan, which has deprived non-Muslims within its territories of ordinary rights of citizenship and denies them any positions of importance or power in Government, wishes now to impose its own ideas on India. However, India is a modern secular state governed by democratic principles, where the citizenship does not rest on religion. Moreover, in India, there is a Muslim population of 40 millions. The Muslims in India are equal citizens with Hindus, Christians, Buddhists and others, and hold positions in Government, in public services, in industry, and everywhere else. India, therefore, is not impressed by this argument that Kashmir is predominantly a Muslim state. Nor was there any provision in the procedure regarding accession, laid down by the British Act, in the case of the States that Muslim-majority States must join Pakistan, although the division of Provinces was particularly on that basis and partly on the basis of contiguity.

En passant, reference may be made to the cases of the States of Junagadh and Hyderabad, of which much is made by the critics of India. Both these States were not only contiguous to Indian territories, but surrounded on all sides by them. Have we ever heard of any country in the world where there is a foreign territory or an independent country, centrally situated, within its own territories? This would be ridiculous. Of course, the Nawab of Junagadh was a Muslim and his subjects were mainly Hindus. The move of the Junagadh Nawab in collusion with Pakistan to accede to Pakistan was a highly mischievous one and aimed at the disruption of the territorial integrity of India. What happened in Junagadh? The people of Junagadh rose as one man against the Nawab, who fled with all his movable property to Pakistan. He never had the courage to return to Junagadh and was deposed by the people, who earned their independence by doing so. Subsequently, the people of Junagadh formed their own Government, which decided to accede to India. Only after this, India accepted the accession as legally valid. The history of Junagadh, therefore, is completely consistent with international law and with the procedure of accession of states.

As regards Hyderabad, the Ruler was given a chance for more than a year to make up his mind and initially India was even prepared to give him some privileges. However, the position of Hyderabad, being completely surrounded by Indian territory, was quite untenable as a state acceding to Pakistan. In fact, the Nizam did not wish to accede either to Pakistan or to India. Instead, he permitted the growth of a powerful militia, headed by a man called Razvi, who organised a private army, called the Razakars. In all this, Pakistan gave active assistance to Hyderabad, although Pakistan knew full well that Hyderabad could not remain either independent or accede to Pakistan, because of its geographical position. However, the "show-down" came,

when the Razakars actually threatened to march on Delhi! The Razakars, by this time, became even more powerful than the Nizam and completely beyond his control. Police action, therefore, had to be taken in the interests of the security of India. This police action helped the Nizam, who by now was himself afraid of the Razakars, to accede to India. It will be seen from both the cases of Junagadh and Hyderabad that Pakistan's machinations recoiled and boomeranged on itself. Even in the case of Kashmir, it was the same situation. If Pakistan had not unleashed the forces of disorder on Kashmir by sending tribesmen there, and later its own army, the situation perhaps might have been different. However Pakistan forced the hands of the Maharaja, and not only the Maharaja but the Muslims of Kashmir chose to throw in their lot with India.

Finally, Pakistan has been telling the world that her "strategic interests" are involved in Kashmir. The reply to this was given cogently by Krishna Menon: "The strategic interests of a country like India, with its big land mass in the Indian Ocean, are at least as vital in the world as the strategic interests of its neighbour, and we are not aware of any strategic interests in our minds which are inimical to the strategic interests of Pakistan." We may add that it is true in a sense, that strategic interests are involved, but they are not the strategic interests of Pakistan, but, of the Anglo-American bloc.

VII. The Demand for a Plebiscite

Pakistan's demand for a plebiscite is not only time-barred but legally invalid. The resolutions of August 13, 1948 and January 5, 1949 which were both accepted by India and Pakistan and which are the only relevant documents, so far as the United Nations is concerned, have become practically null and void. The former resolution was, as pointed out by Krishna Menon, "a concertina resolution", in which there were three parts, (A) dealing with the establishment of a cease-fire, (B) dealing with the truce agreement and (C) dealing with the plebiscite. Cease-fire took place fairly early, but the truce agreement never took place, i.e. there was no vacation by Pakistan of her forces, but actually an expansion of these forces. According to the "concertina" resolution unless (A) was accomplished, (B) could not be undertaken: unless (B) was accomplished (C) could not be undertaken. In other words, the failure of the plebiscite agreement is due to Pakistan's own intransigence. However, since 1948, much water has flowed down the Jhelum gorge, and the status quo ante of nine years ago can never be re-created. As Krishna Menon succinctly put it: "If an offer is made and it is not accepted at the time it is made, it cannot be held for generations over the heads of those who made it. It is quite true that at that time we told Pakistan, 'Let us go to the United Nations together and ask for a plebiscite'. They did not agree. When they did not agree that offer lapsed. They cannot come here nine years later and say, 'You mentioned the word—plebiscite'. That is the position." The question of the plebiscite now is, therefore, dead.

As regards the other offer, which was made by Lord Mountbatten on behalf of the Government of India, at the time of accession, that a reference would be made to the will of the Kashmir people—that offer was made to the people of Kashmir and not to Pakistan or to the United Nations. In pursuance of that offer, the will of the people was consulted through the Constituent Assembly, which has confirmed Kashmir's accession to India. There are various ways of consulting the wishes of a people; and in a state like Kashmir, where illiteracy prevails, it was considered adequate to obtain the support of the Constituent Assembly, which has been a democratic body representing the Kashmiri people.

Apart from this, the United Nations has no authority to impose a plebiscite on India or Kashmir. Any such decision will be contrary to the British Act of Parliament which brought India and Pakistan into existence and which laid down the procedures of accession of the States. The

Security Council has ignored the fact that no dispute which ever comes before the United Nations can be shorn of its legal and constitutional background. To assume away, as the Security Council has done, the non-existence of aggression without investigating it, and, moreover, to insist upon a plebiscite as a solution, all the while ignoring the Indian Independence Act of 1947, which had established the partition of the sub-continent and had fully described the rights of each of the parties concerned, namely, India, Pakistan and the acceding States, was an act of arrogation of authority which was completely ultra vires.

Much has been said about the virtues of "self-determination", of which plebiscite is a particular mode. Such a principle of self-determination would certainly be applicable in the case of, say, a colony, where a measure of self-government is contemplated. However, Kashmir is not a colony. The people of Kashmir are a part and parcel of the people of India, having equal rights in every way; just as the people of East Pakistan have equal rights with those of West Pakistan. Now, it is a well-known fact that the people of East Pakistan are dissatisfied with the autocratic rule of West Pakistan. Would that be a good reason for proposing self-determination, in the form of a plebiscite in East Pakistan? If such a plebiscite is taken today in East Pakistan, it is certain that it will either decide to become independent or to join India. Mr. Aneurin Bevan, the British Labour leader, has put this matter in the proper perspective as follows: "A plebiscite settles an issue, irrevocably on a single day by what is simply a Gallup poll without a sample, with the voters asked to say 'yes' or 'no' to a narrow and perhaps a loaded question. A British Government, if unscrupulous enough, could get a majority tomorrow in a plebiscite in Northern Ireland by asking: "Do you want to be British—yes or no"? The Irish question would remain unsettled, there would still be resentful nationalist areas, and the slow process of reuniting Ireland by consent would be tragically a setback. We should remember that Hitler when he had whipped up emotion to fever pitch by exploiting German racial feeling demanded plebiscites in the Saar (where he duly won), the Sudetenland and Danzig."

The crux of the question is that in Kashmir, a plebiscite will be fought by Pakistan on the basis of religion and a 'holy war', appealing to the fanaticism of illiterate people. Moreover, Pakistan will undoubtedly put its 1,000,000 tribesmen into service to intimidate the peaceful people of Kashmir to vote in its favour and no power on earth—least of all the U.N. force sent there—will be able to prevent it. This must inevitably set into motion precisely the same forces which caused the slaughter of hundreds of thousands of people in 1947 in the sub-continent. If this happens, it would be foolish to expect the people and Government of India to stand by idly. On shallow and superficial thinking, therefore, a plebiscite might appear to be the panacea for all ills. However, it has no relevance in a situation where democracies have been lawfully established, and the United Nations has no right to question the very basis of the Government of a member country or any of its parts and subject it to the upheavals of a plebiscite.

VIII. The Future

The essential fact, therefore, is that Pakistan has committed an aggression and continues to do so through the presence of its regular forces in the so-called Azad Kashmir. Not only this, Suhrawardy, the Prime Minister, has already informed the world that one million frontier tribesmen are ready to jump into the fray and that it would be impossible for Pakistan to stop them. As stated earlier, this, in fact, has been the strategy of Pakistan in its first invasion in 1947-48. Neither India nor the world is likely to be hoodwinked by it. It is a strange theory that an aggressor can claim any benefit from his own aggression and demand action from the United Nations in support of it.

Suhrawardy has held out a threat that the Russian veto against U.N. active intervention would automatically release his followers from any international undertaking and leave them "free to resume the war of liberation". Suhrawardy now tries to stampede the West by threatening disruption of the SEATO and Baghdad Alliances, if Pakistan is not supported in its demands against India. These are the tactics adopted by Pakistan to mislead British and American opinion. Any "holy war" started by Pakistan with the help of the frontier tribesmen and its SEATO and Baghdad Pact Allies, will lead to a general conflagration which would spread over the entire sub-continent. This would throw not only India and Pakistan but even neighbouring countries in chaos. What is more, the fate of 40 million Muslims in India is also involved, for in a holy war these 40 million Muslims may well be at the mercy of equally fanatical forces within India. In other words, this is the way to a blood bath for all concerned. The friends of Pakistan, who lightheartedly speak of plebiscite and self-determination, and are prepared to add fuel to fire, by encouraging Pakistan in and outside the United Nations, perhaps do not foresee all these consequences, in their blindness, caused by self-interest in having strategic bases and building up a wall of alliances round the Communist world.

So far as India is concerned, the limits of compromise have been reached. In fact, since the partition in 1947, of the old undivided India, concessions after concessions have been made by India to Pakistan, in respect of assets and currencies, the pre-partition debt, military stores, navy etc. Although Pakistan owes nearly Rs. 4 billion on account of pre-partition debt, not a single dime has been paid, although the first instalments of the debt were payable from 1951 onwards. The entire pre-partition debt of about Rs. 25 billion was assumed by the successor Government of India and the latter has to do the servicing at present, apart from bearing the permanent liability. Likewise, billions of rupees worth of Indian property has been lost in Pakistan by the refugees, out of all proportions to what the Muslim refugees left behind in India. Nevertheless, Pakistan, to use its own language, quietly "grabbed" the property of the Indian refugees. It may be recalled that while the invasion of Kashmir was going on, India, on the advice of Mahatma Gandhi paid, in another connection, a sum of Rs. 550 million to Pakistan as a financial concession—a most undeserved one—which ultimately brought about the assassination of Mahatma Gandhi himself as a result!

The demands of Pakistan are like a fire which grows on what it feeds on. Look at the Kashmir episode itself. How many concessions India has not made since the dispute began? Although Pakistan is an aggressor and the accession was complete legally, in the interests of peace, India came to the bar of the United Nations and agreed to a conditional plebiscite, and a cease-fire, and also to the withdrawal of forces, excepting the minimum necessary for maintenance of law and order. But Pakistan has been wanting ever more and more. Unfortunately, this greed has been encouraged by certain powers. The last concession which India was prepared to make was announced by Pandit Nehru some few months ago, when he said that he was prepared to let Pakistan retain those parts of Kashmir which it has already occupied. Strictly speaking, there was no necessity of making even this concession, but the Indian Prime Minister made it bona fide in the interests of all concerned. Even this concession, however, was summarily turned down by Pakistan.

The future, therefore, is what we make of it. It is to be hoped that wiser counsels will prevail both in the United Nations and outside and that a just and permanent solution, which puts above everything else the safety, security and welfare of the masses of humanity not only in Kashmir but in the entire sub-continent of India and Pakistan, will be found.

JAPANESE ECONOMIC REPORTS

Cement Exports

Records were established in Japanese cement exports when 2,150,000 tons during 1956 calendar year were shipped. The rising trend accelerated this year. Contracts for 700,000 tons to be shipped during January through March have been concluded, and another 600,000 tons are being negotiated. Exports during the current calendar year might exceed 3,000,000 tons. Cement companies are arranging shipping bottoms to meet the large requirements from overseas. Formerly cement exports used to amount to 150,000 tons a month which were mostly shipped to the Ryukyus, Formosa, South Korea, Singapore, Hongkong, Thailand, Malaya and Indonesia. Recent inquiries are coming from Egypt, Arabia, Kuwait, India, Vietnam, Cambodia, the Philippines, Burma, Indonesia, and ever more from and through Hongkong.

Export Validations in 1956

Recording a conspicuous rise of 23.4 percent over the \$2,008,463,000 for the preceding year, exports validated by foreign exchange banks during 1956 totaled \$2,477,814,000, according to the Ministry of International Trade and Industry. The spectacular advance during the year is the result of global economic prosperity and increased competitive power of Japan.

Decreases of validated exports were: raw silk (16.7 percent), metal products (14.5), iron/steel products (16.9), and non-ferrous metal products (4.5 percent). Other commodity groups rose in export validations. Especially noteworthy was the increase of 101.4 percent in machines and vessels.

Dollar exports showed a big rise of 47.1 percent over 1955 totaling \$1,170,938,000, and established a new postwar high. Excepting raw silk, silk products, and chemical fibers, there was an all-round increase in export validations for other commodities. Particularly, machinery made a great advance. To the United States, exports rose by 22 percent to \$552,810,000, to Canada by 54 percent to \$70,041,000, and to the Ryukyus by 24 percent to \$61,709,000. U.S. purchases through the International Cooperation Administration funds for exports to the three countries of Indochina, mostly to Vietnam, marked a 124 percent rise to a total of \$63,581,000. Main export items to these countries were cotton goods, chemical fibers, and non-ferrous metal products. Exports of vessels chiefly to Liberia amounted to \$182,900,000 which was 2.6 times the comparable figure of \$39,168,000 for 1955.

Showing a 25.3 percent increase over the preceding year, sterling exports aggregated \$934,551,000. Largely responsible for the increase were exports to mainland China, and exports to Thailand after the abolition of the "open-account" settlement system in trade with that country. Exports to Communist China swelled by 116 percent to total \$67,322,000. By commodities, considerable advances were made in exports of machinery with \$17,245,000 and cement with \$7,616,000. Exports to Hongkong amounted to \$141,075,000 (54 percent up), to India \$104,647,000 (41 percent up), to Singapore \$64,988,000 (5 percent up), and to the United Kingdom \$66,514,000 (5 percent up). Sterling exports of vessels were over four times as much as the comparable figure of \$2,934,000 for 1955. Other main export items to the sterling area were machinery, food and beverages, chemical fibers, miscellaneous goods, cement, and cotton goods.

Open-account exports during 1956 witnessed a sharp decline of 20.2 percent from the previous year with \$372,-

325,000, mainly owing to the abrogation of the bilateral clearing accounts with Thailand, West Germany, Italy, Sweden, and Argentina. Exports to Indonesia totaled \$73,428,000 (21 percent up), to Taiwan \$70,912,000 (20 percent up), to Brazil \$48,206,000 (39 percent up), and to the Republic of Korea \$12,226,000 (21 percent up). Cement, chemicals, and machinery were main export commodities that saw noticeable rises in their validated exports to the open-account area.

Exports validated in 1956

Area	1956	(in \$1,000)
		More or less than 1955(%)
Dollar Export (Including Canadian Dollar & Swiss Franc)	1,170,938	47.1
Sterling Export (Including German Mark & Swedish Krona)	934,551	25.3
Open Account Export	372,325	- 20.2
Goods		
Food & beverages	180,242	26.2
Textiles	866,178	16.7
Cotton products	378,086	13.3
Raw silk	41,924	- 16.7
Silk products	37,203	- 1.7
Chemical fiber	293,923	29.0
Woolen products	85,795	20.0
Others	29,247	30.0
Lumber & wooden goods	86,805	1.6
Paper products	32,146	39.0
Animal & vegetable products	51,162	44.3
Chemical products	99,918	11.8
Oils & fats	21,462	22.1
Non-metallic mineral products	138,353	41.3
Ceramics	70,048	24.0
Others	68,305	64.9
Metal products	336,358	- 14.5
Iron/steel	264,992	- 16.9
Non-ferrous metal	71,366	- 4.5
Machinery	510,928	101.4
Sundry goods	154,262	21.6
Total:	2,477,814	23.4

Rubber Goods Production for 1957

Output of rubber goods during the current calendar year will amount to 132,000 tons. Demand abroad and at home has lately been growing bigger. Rubber goods expected to be turned out this year:

Categories	Quantity, in terms of rubber, in tons	
	Total	Of which Exports
Auto tires & tubes	45,000	12,000
Bicycle tires & tubes	7,700	700
Rubber-soled foot wears	10,000	410
Rubber shoes and boots	15,500	400
Belt	6,500	600
Hose	3,500	150
Rubberized cloth	5,800	1,500
Industrial uses	14,000	400
Others	11,000	1,240
Sub-total	119,000	17,400
Wires & cables	6,000	—
Latex products	7,000	600
Grand total	132,000	18,000

Production of Petroleum Goods in 1956

The petroleum industry reached an unprecedented achievement in production last year. Total production of petroleum goods amounted to 11,809,000 kilo litres, showing a 37.1 percent increase over the preceding year. Such a big amount has never been attained before. The amazing improvement is attributable to: a) Increased demand arising from mining and manufacturing industries, b) Capacity of refineries was raised about 22 percent, c) Importation of crude oil was increased despite the Middle East crisis.

Total imports of crude amounted to 11,441,000 kilo litres showing a 33.8 percent increase over the preceding year. Noticeable was an importation of oil from Canada in October and in December. 11,903,000 kilo litres were refined or 36.2 percent more than in the preceding year. (In the following, all comparisons are made with the preceding year, unless otherwise stated). Of the total volume, 11,580,000 kilo litres were of imported crude oil, which showed a 37.7 percent increase. 200,000 barrels a day were refined on an average, against 145,000 barrels in 1955. Petroleum products turned out totalled 11,809,000 kilo litres showing a 37.1 percent increase. Breakdown is as follows: Gasoline: 3,035,000 kilo litres showing a 23.3 percent increase. Output of gasoline of 70 or higher octane value was raised 34 percent. Kerosene: 776,000 kilo litres showing a 50 percent increase. Kerosene was obtained from crude oil at the rate of 6.6 percent against 5.9 percent. Light oil: 887,000 kilo litres showing a 20 percent increase. The rate of increase is the lowest of all products, which is attributable to the new tax imposed on this product since June. Heavy oil: 5,982,000 kilo litres showing a 44.6 percent increase. The product was obtained from crude oil at the rate of 46 percent against 41.2 percent. Lubricating oil: 448,000 kilo litres showing a 22.5 percent increase.

Total sales were 11,428,000 kilo litres showing a 16.6 percent increase, namely:—

Categories	Amount in kilo litres	Increase over 1955
Gasoline	3,130,000	21.8%
Kerosene	722,000	35.4%
Light oil	917,000	14.2%
Heavy oil	6,659,000	12.9%

Flower Bulb Exports

The business of exporting flower bulbs has reached a point in Japan where it is now second only to the Netherlands as a world supplier of such floral beauties as lilies, tulips, gladioli and the like. This fact is not well known, except among those engaged in this trade. The Netherlands has been traditionally famed as the leading producer of flower bulbs. But Japan prior to World War II monopolized the world market with regard to Easter lilies. Located in the temperate zone in the northern hemisphere, Japan enjoys an ideal geographical advantage with the climate well suited to the raising of flowers. These factors have enabled Japan to grow a great number of species and varieties of flower plants and to carry on a profitable trade in the export of flower bulbs. Constant progress has been made in improving the techniques of cultivating flower bulbs with the result that Japan has kept abreast of other leading nations in this field. Every effort is being expended to maintain the highest possible standards. Farms that cultivate flower bulbs for export come under the inspection of State quarantine organs during the growth of the plants. Furthermore, bulbs that pass these inspections are exported only after they are rechecked and pass the standard export test. Bulb plants exported from Japan are of different species and varieties, including lilies, tulips gladioli, irises and daffodils. The United States is Japan's best customer. Japanese bulbed plants are also winning a good reputation not only in Europe but also in Asia, South America and Australia.

“CIRCULATION NOTES” IN RURAL CHINA

For a long time the Chinese peasantry looked askance at paper money, but they parted with their strings of cash, then their copper cents, and lastly their cherished silver dollars under inducements which seemed to them profitable at the time. Certain local shifts and subterfuges enabled them to escape the worst consequences of the appalling inflation which afflicted Nationalist currency after the Japanese invasion and in the first few years after the war. In any case they got well accustomed to the use of paper money—not without a backward glance to the good old days when the silver dollar seemed solid enough notwithstanding its fluctuations when it moved up and down with the price of other staple commodities.

Orthodox financial experts and bankers were not unduly perturbed when, during the second half of 1955, a variety of so-called “circulation notes” were issued by agricultural producer co-operatives, who issued vegetable tickets, cash circulation notes, and co-operative currency as they were variously termed as media of exchange between APCs and their members and even between the APCs and persons outside the co-operatives. A Communist financial periodical revealed that such media were to be found in most provinces, and notably in every county in Shantung, where nearly every APC issued them. Moreover, their circulation had begun to spread ever more widely. At first, the notes were limited to the purchase of vegetables and fruits within a co-operative. Then the APCs began to use the notes for the buying of manure and seeds from their neighbours and in paying their members for capital goods turned over to the co-operatives. Some of the APC members even paid school tuition, bought commodities from the supply and

marketing co-ops, repaid the agricultural loans or made savings in the bank and credit co-operatives in this co-operative currency. Last summer it was found that such currency was issued in denominations of five, two and one yuan, though at first the notes were limited to cents. In some APCs the co-operative currency issued totalled 10,000 yuan. The Ho-ping APC in Kaomi county, Shantung, even issued in the name of the “Ho-ping People's Bank” currency in the patterns and designs of the people's State currency.

This development, together with the serious proportions the co-operative currency had attained, caused alarm among the Government experts, who feared that unless the problem were properly solved it would have a harmful effect on the circulation of authorised currency and the economic interests of co-operative members. One of these experts wrote a lengthy contribution to the periodical “China Finance” giving his personal views and suggestions for the solution of the problem. So long as this co-operative currency was used in the limited way noted at first—much after the way of the “chit” system—and not as a means of circulation and payment, the notes could not be regarded as pseudo-currency. But obviously when they came into use in an enlarged sphere, such as for making purchases, paying tuition and making deposits with banks and credit co-ops, “these valuable documents” were turned into pseudo-currency because they acquired the function of the currency in general, i.e., circulation and payment.

An analysis of the economic reason for these circulation notes shows it is mainly attributable to the shortage of funds in the rural areas; and shortage of funds is attributable, apart from the reduction of the peasants' incomes from side

occupations, mainly to the results of the change in the relations of production in the rural areas. The former individual farming was mainly characterised by semi-self-sufficiency and under-development of money economy. The peasants grew their own vegetables, accumulated their own manure, and gathered their own ensilage to feed their livestock.

These things were not commodities and hence no question of distribution was involved. But a change occurred with agricultural co-operativization, under which members performed labour under centralised co-operative plans, while the co-op distributed the gains of labour according to work. In this way, money economy developed in the rural areas. Apart from vegetables, fruits, manure and ensilage which have to be computed and paid for in terms of money, many things which did not call for money capital in the past have to be facilitated with the aid of money. Technical reform required the APC to invest in the new farm tools and purchase materials for irrigation projects. Peasants joining the co-operative had to be paid for their means of production, and members joining had to pay a certain amount of share capital, which also required money. Thus the APCs increased the demand for money capital, and the new demand is entirely caused by the change in the relations of production in the rural areas.

Until actual increased output, a contradiction arises between the immediate demand for money capital and the late accumulation thereof. This contradiction is the basic cause of fund shortage in the rural areas experienced in 1956. And herein lies the main difficulty of prohibiting the circulation of these notes, since most of the APCs are circulating this co-operative currency as the best way of solving the shortage of funds.

The fundamental solution of the problem lies in strengthening the regulation of rural funds and money circulation. It cannot be solved by administrative orders alone. Two ways may be followed. One way is for the State to help solve the problem. For instance, by the continual enforcement of the system in which advanced payment is made for procurement of farm products, and the extension of agricultural loans by the State bank. Another way is the organisation of the peasants so that they may solve it themselves. This can mainly be done by means of the intensification of the business activities of the credit co-operatives in the rural areas. Survey data showed that while most peasants are short of funds, some peasants are fairly well to do. About 20 per cent of the peasant households possess 70 per cent of the total amount of circulation notes: hence the great possibility of regulating the rural funds through the credit co-ops. Once the shortage of funds is solved the demand for the co-operative notes will disappear. Regulation of money circulation in the rural areas is also very important. A widespread problem at present is the shortage of subsidiary currency, and the excessive amount of currency notes of large denominations.

These methods of solution will take some time. For instance the State in 1956 issued loans and made advanced payment for the procurement of products totalling 3,000 million yuan but as a matter of fact shortage of funds was still felt in the rural areas. It is also difficult for the State to increase the cash outlay within a short time because any increase has to be backed by a corresponding quantity of commodities. Meanwhile an excessive increase of money circulation in the rural areas will hinder the stability of money circulation. The credit co-ops have regulated funds with great success, but the credit co-ops are relatively new and the peasants hesitate to deposit their money with them. Thus the present shortage of funds cannot be solved overnight.

The question then comes back: whether these circulation notes should not be prohibited altogether. To permit the circulation of pseudo-currency might undermine the planned regulation of the people's currency, affect its stability and hinder State control of the market. Provided their use is strictly restricted, the temporary existence of these notes may be permissible. As to the effect on the economic interests of the APC members, the use of small amounts of vegetable tickets for fruits and vegetables from the producer co-ops no damage will be done; but if wider uses are made of them, the economic interests of members will be affected because the limited use for the tickets will mean freezing part of the wealth owned by members, which will cause dissatisfaction among the peasants.

This is in fact exactly what is happening at present. It is one thing when members tender them to the APC for vegetables; it is also when the APC buys manure and seeds from its members with these notes. The members then complain. The misuse of the notes will thus endanger the economic interests of the members. But it is difficult to ban their use completely now because the APCs find it difficult to solve the question of vegetable consumption by their members. If members must pay cash, they will find it odd to pay cash for vegetables grown by themselves! And there are some members who have no cash. If money is allowed to be borrowed from the co-operative, then all members will borrow, which means a great burden for the co-op. If all members are allowed to buy a few cents worth of vegetables on credit every day, then the co-operative will have to keep accounts, which will mean much trouble. Besides, many vegetable growers are illiterate and cannot keep accounts. Thus the system of vegetable tickets is very convenient and that is the reason why they are so rapidly and widely used.

Pending a complete solution to the question of shortage of funds in the rural areas, it is manifestly difficult to prohibit the issue of the circulation notes. But if they are not properly controlled and restricted a harmful effect will be produced on the stability of the circulation of the people's currency and on the economic interests of the members. Control is thus indispensable and the use of the notes should be strictly limited and the face value limited to cents, while imitation of the designs and patterns of the State currency must be banned. The banks are urged to conduct extensive publicity through the media of newspapers, radio broadcasts and publications, while the rural Party and Government organs and banks must exercise vigilance and supervision. The only trouble about this is that if too much fuss were made publicly about these notes, more and more APCs would be emboldened to adopt the expedient to solve their own difficulties! And indeed this commentary is the first reference most people have seen to the circulation notes! A later development, referred to in a Reuter despatch from Peking on February 5, is the use of stocks of scrap metal as "notes of exchange" which they called "liang piao" (grain tickets). With these they bought machinery, paper and other metals. When this was revealed in the People's Daily, as another example of the persistence of capitalistic instincts and bourgeois speculation, the writer said it showed that not all capitalists in China had been converted to the idea of working for the people instead of for profit, and he accused State enterprises, factories and organisations of being partners in this heinous reversion to "Capitalist crime." Some organisations, owing to shortages of iron, steel and other building materials, were prepared to pay high prices for scrap metals and thus gave the capitalists a ready market. Some of the Communist leaders are rather proud of the continued existence of capitalists, but they have to spend a lot of time convincing the pedantic doctrinaires in the Party.

SINGAPORE DEVELOPMENTS

It would appear that the course of true political fulfilment seldom does run smooth. There has been less public agitation in Singapore than there was at the same stage before last year's constitutional discussions but the same problems are proving only a little less intractable. Three new developments recently have been the new demands of the Malays, the election of office-bearers in the Labour Front, and the speculation on a new alignment of political parties round a policy of "moderate Socialism".

After the Merdeka Rally in March 1956 which ended in disturbances precipitated by the young pro-Communist Chinese group in schools and Trade Unions, Malays like other minorities asked that some safeguards of their position should be written into the revised constitution. This was agreed by all parties, and the UMNO representative joined the Mission to London without demur. The safeguards then promised have not been withdrawn, and it was not anticipated that there would be any doubt that the UMNO representative would be a member of the present Mission, particularly with the closer relationship between the present Chief Ministers of the two territories. But with the recent emphatic statement of the Federation Chief Minister that Singapore could not be admitted to the Federation, and as the three reasons he gave all implied that Singapore could not accept enough Malay institutions to be acceptable, the Malay community felt not only that they were being left behind, but that they were being left behind in a territory which was decreasingly Malay in character. They would remain a minority in perpetuity, and they would not be linked with a Federation in which their fellow-Malays could redress the racial balance and ensure their rights. Their reaction has therefore been to insist that Singapore is a part of Malaya, that it should adopt Malay institutions, and that the Malays should have the same recognition and the same guarantees as the Malays of the Federation. A new theory of the "Sovereignty of the Soil" was suggested, a novel variation of the *Jus Soli*. If the soil is Malay, the conclusion drawn is not that all born on it inherit full citizenship as their birthright, but that the Malays have a right to a special position on a soil which is theirs. The feelings of the Malays represented in UMNO were crystallised in the following six demands: that the Governor-General should be a Malay; that Malay should be the official language within ten years; that Islam should be the official religion of Singapore; that five-eighths of all government posts should be reserved to Malays; that only those born in the Federation, the British Borneo territories and Singapore should have citizenship rights; and finally that fluency in Malay should be a requirement of citizenship.

These were extreme demands to have come from the ruling party in the Federation and the party in the coalition which provided Singapore's deputy Chief Minister. But the Malays were not united. The Singapore Malay Union which signed the joint manifesto of the minorities did not approve of this communal approach. Their leader, Che Mohd. Sidek, an Assistant Minister said they did "not want special privileges for the Malays because we believe that there must be mutual trust between Malays and Chinese as well as other races." The Peninsular Malay Union however demanded independence as a Malay unit on the same day as the Federation gained independence. The *Utusan Melayu*, the Malay paper, urged the UMNO representatives to be more flexible, and not jeopardise the coming constitutional talks. The M.C.A. which is UMNO's partner in the Alliance both in Singapore and the Federation did not agree either. They

supported equality of opportunity and wanted no special privileges. They stood for multilingualism; they wished no official religion; they thought the proposal of a Malay as Governor-General "unrealistic". Meanwhile other Malay groups have been established in Singapore. The Malay National Congress which claims to represent 20 Malay organisations sought the recognition of the Malays as the "owners" of Singapore who should inherit Singapore's independence. The Party Ra'ayat demanded participation in the talks and a policy of immediate independence, although it did not press the proposals of a Malay Governor-General or of Islam as a state religion. While the new Pan-Malayan Islamic Association also demanded special recognition for the Malays. That these two Malay nationalist bodies should set up branches in Singapore at this time was clearly intended to stake still further Malay claims in Singapore in line with their views on the recommendations of the Report of the Reid Commission on the constitution of the Federation. The Chinese reaction was moderate. All parties and shades of opinion were unanimous in recognising the need to assist the Malays, but the demands were considered unrealistic in their extent and their detail.

The demand of UMNO were placed before an All-Party Conference. When they were not fully accepted, UMNO decided not to take part in any further discussions, expressing its "deepest regret that the All-Party Conference was unable to see eye to eye with the legitimate aspirations of the Malays in Singapore." The Chief Minister replied on behalf of the Conference saying that only one proposal had been completely rejected, namely, that the first Governor-General would be a Malay, on the ground that it would accentuate communalism. The Conference agreed to "recognise the special position of the Malays, who are the indigenous people of the island and are in most need of assistance" and to safeguard and promote the interests of the Malays and their language, adding however, the proviso inserted with the agreement of UMNO in the demands of the 1956 constitution talks—"within the framework of the general good of Singapore". The question of a state religion, of the adoption of Malay as the official language, and of the limitation of the rights of citizenship, was not touched on.

There were discussions which led to a revival of hopes that the Malays would not jeopardise the constitutional talks by rigid adherence to their demands. The Federation Chief Minister endorsed the claim that the first Governor-General should be a Malay, and UMNO adhered fully to its proposals about the Malay language and the limitation of qualifications for citizenship.

Labour Front Election: On February 23rd and 24th, the Labour Front held its Annual Meeting. In the election of the Chairman of the Party, David Marshall was defeated by Chew Swee Kee, the Minister for Education. 121 votes were cast for Marshall and 227 for Chew Swee Kee. Marshall however remains on the committee. The result was not unexpected as Marshall has continued to give the impression of being a one-man party rather than the exponent of the collective view of the Party of which he was the senior elected official. At the Annual Meeting he put forward as a representative of his Cairnhill Branch, two proposals which were not the official policy of the Party, one in favour of a five million dollar fund to assist the Malays and the other to repeal the Banishment Ordinance. Both were defeated. Discussion of the former not only led to expressions of

opposition to Marshall, but raised the communal issue in a way which led to a move by Lim Yew Hock to postpone further discussion by reference back for fuller detailed consideration. This has been interpreted as opposition to the interests of the Malays, and threatened resignation of a number of Malays from the Party. The committee elections brought no Malay on to the committee. The Meeting gave more coherence to the Party than has been in its nature before, and Chew Swee Kee might prove a good team-leader.

The Meeting also led to a clear statement of policy from a firm base, as a reminder that more than personalities were involved. The Party report said that the three main enemies of Singapore were colonialism, communalism, and communism, the last being the most dangerous in the long run. "As Socialists and patriots" says the Report, "our duty is clear. We have to oppose the ideology and practice of Communists and communism. . . . We must strain every sinew to ensure that the next Government of Singapore provides the leadership to create the first social welfare state in South-East Asia." While the emphasis of Mr. Chew's speech was on the need for a Socialist policy it was added that this was not a policy against all capitalists, but against those whose policies created undesirable social tensions.

The leader of the PAP made it clear that he did not consider the Labour Front to be socialist by his standards. With the demand for an agreement of socialists, there has been the refusal to accept the Liberal Socialists in this category, although certain sections of the Party are prepared to work in such an alliance if it is firmly anti-Communist.

Some commentators see in the election of Chew Swee Kee a pointer to a closer co-operation with the Liberal Socialist Party rather than the PAP. The Communist group which looked to Middle Road for political leadership, and the Chinese-speaking group which looks to the Chamber of Commerce are not fully reflected in any party, yet will have strong if not decisive influence on the next election. The date announced for the election is August, but there are increasing doubts as to the wisdom of the date.

Malayanisation: The new Public Services Commission under Chew Hock Leong has begun work. The interviews for the key posts of the Permanent Secretaryships which are to be Malayanised immediately have been completed. On the soundness of these appointments will depend the success of the entire policy of Malayanisation. Reports that the great majority of the senior Police Officers were to

leave during the year have proved premature and it is now likely that a number will remain for some time if not for the full six years which were offered in the Malayanisation White Paper.

Communist Front Activities: On February 11th, the first batch of those arrested for banishment during September and October last year because of Communist activities in the schools and in the Communist Front Organisations left the Colony though not without protest. With their families the total number was 55. They left in a defiant mood for Canton. The Singapore Shop and Factory Workers Union was dissolved as it had taken part in financed activities which were not specifically authorised by the Union rules. This decision was reached after Lim Chin Siong (now in jail) had not explained to the satisfaction of the Registrar of Trade Unions, their clash with the Police last October in their Union premises, the inflammatory literature found there, and the disposal of the \$120,000 drawn from the Union's accounts immediately before the riots. The Trade Union Congress is attempting to provide now a more moderate leadership for the workers who were formerly members of the Union. On the other hand, certain of the affiliated Unions are beginning to issue political manifestos, and the followers of the discredited Lim Chin Siong in the PAP are feeling their way towards a re-appearance in public.

Singapore Regiment: The project of a Singapore Regiment has been in the air for many years since it was first suggested by John Laycock of the Progressive Party. There have been many difficulties to overcome particularly in the matter of comparative rates of pay. But with the move to self-government its establishment became a necessity. A battalion of a strength of 816 is to be raised in the first place. Recruits must be Singapore-born. Lt. Col. R. W. Stephenson of the Wiltshire Regiment arrived in Singapore to take over command under Col. P. D. Denman, Commandant of the Singapore Military Forces, 9 other British officers and 19 W.Cs. and senior N.C.O.s will be seconded to the battalion to assist in training. Three local cadets, a Chinese, a Malay and a Eurasian, are under officer training at the Federation Military College.

New Olympics Swimming Pool: The Chief Minister has opened a new Olympics-size swimming pool in Farrer Park adjacent to Kampong Java Road. With the two other open-air swimming pools built by the City Council there is accommodation for 1750 swimmers at any one time; and yet another is planned for George V Park.

ECONOMIC LETTER FROM MANILA

Manila Railroad expansion and improvement in 1957-58 will make it one of the most modern railroads in the Far East. Construction of the Cagayan Valley extension to Tuguegarao will extend the line to a distance of some 300 miles above Manila, will increase the railroad's trackage by 30%, and will be the biggest project undertaken since the line was established by the English in 1892. Reconstruction and modernization of terminals and stations, tracks and facilities, including a P2,000,000 terminal at Tutuban; and improvement of equipment will be undertaken. This year the MRR will lay down P800,000 worth of ties, against an average of P150,000 in previous years. It will spend P600,000 for crushed rock ballast, against P120,000 in former years. The acquisition of new equipment has been going on for some time. 250 freight cars were recently

ordered from Japan under the reparations agreement. One hundred of them will be used for bulk handling of sugar and cement. The purchase of first-class air-conditioned coaches, sleeper coaches, third-class coaches and diesel rail cars is under negotiation. Financing will be through earnings, sale of abandoned real estate, reparations and government appropriations.

Record mineral output in 1956 value P197,000,000; was accounted for by gains in production of base metals (copper, chromite) and production for first time of quicksilver and zinc. Copper production increased to P47 million last year from P29 million in 1955. This increase was accounted for by substantial increases in the outputs of Atlas Consolidated Mining Co., largest open pit copper mine

in the Far East, which amounted to P20 million last year, and of Lepanto Consolidated Mining Co., which amounted to P21 million. Production of iron ore, second ranking dollar producer in base metal, increased to 1,440,232 metric tons from 1,432,712 in 1955, but value dropped to P23 million last year from P24 million in 1955 owing to lower contract price of iron ore shipped to Japan. Gold mining is still the largest branch of the mining industry. Value of production last year increased to P46 million from P14 million in 1955 owing to higher price in the free market. But the quantity fell to 406,153 ounces last year from 419,112 in 1955 because of closure of two mines, the San Mauricio Mining and Coco Grove.

Increasing competition between American, Japanese and European products in the Philippine market is anticipated. Increased exports of copra and copper to Europe are expected. 1957 outlook is for continued improvement in Philippine economy, so long as inflationary pressures can be held in check and trade is not affected by closure of Suez Canal. Philippines established record levels in 1956 for production of copper and chromite ore, and overall mining output increased by 7 per cent. Agricultural production gained seven percent in 1956. United States products still retain a large duty preference. United States-Philippine trade is expected to remain high in the light of long-standing commercial ties and established channels of trade, and

\$65,000,000 line of credit to the Philippines in March 1956 by Export-Import Bank.

Universal Textiles, Inc. will expand its plant to a capacity of 165,000 yards a day, using 50,000 spindles and 1,500 looms. The plant is the largest mill in the Philippines and the first integrated plant with complete spinning, weaving and finishing units. Opened last August with the help of foreign technicians, it has a working force of 1,600. Filipino workers are described by foreign supervisors as very easy to train for all jobs in the plant.

Philippine Oil Development Co. was granted permission to explore for oil in half of its concession in the Cagayan Valley in cooperation with the California Asiatic Oil Co. and Texaco Overseas Petroleum Co. PODCO is operating in the other half of its concession with the Standard Vacuum Oil Co. The oil companies carry out combined operations because of huge investment required in a speculative enterprise.

San Jose Oil Co. explore for oil in areas aggregating two and a half million acres.

The privately-owned Philippine Cotton Development Corporation will purchase 2,500 acres of public land in Mindanao and lease an additional 4,750 acres for growing cotton next planting season. The company expects to produce from this acreage two million pounds of ginned cotton and four million pounds of cotton seed and linters.

FINANCE & COMMERCE

HK EXCHANGE MARKETS

April	U.S.\$		Notes	Notes
	T.T. High	T.T. Low		
1	\$621½	620	619½	618½
2	621	620	619½	617½
3	618	617½	615½	614
4	618½	618½	615½	615
5	620½	619½	617	616½
6	620½	620½	617½	616½

D.D. rates: High 619½ Low 615½.

Trading totals: T.T. US\$2,120,000; Notes cash \$480,000, forward \$2,370,000; D.D. \$530,000. The market was easier on higher cross rates. In T.T. sector, selling pressure from exchange operators and shippers was absorbed by gold and general importers. In Notes market, speculators liquidated in face of high change over interest; shippers took advantage of the big difference between T.T. rates (about 3½ points) and bought heavily. Interest favoured sellers and aggregated HK\$ 7.20 per US\$1,000, and positions taken by speculators averaged US\$2½ million per day. In D.D. sector, market continued active with steady inflow of overseas Chinese remittance.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit

in HK\$: Philippines 1.77—1.765, Japan 0.014875—0.014725, Malaya 1.876, Vietnam 0.06369, Laos 0.058, Cambodia 0.082, Thailand 0.2841. Sales: Pesos 420,000, Yen 154 million, Malayan \$370,000, Piastre 14 million, Kip 7 million, Rial 6 million, and Baht 4 million. Market active and business increased with heavy inflow of overseas Chinese remittances during Ching Ming Festival. **Chinese Exchange:** People's Yuan notes at \$1.45 per Yuan. Taiwan Dollar notes at \$158—157 per thousand, and remittance at 153—152. **Bank Notes:** Highest and lowest rates per foreign currency unit in HK\$: England 16.27—16.21, Scotland and Ireland 14.00, Australia 12.75, New Zealand 15.02—15.00, Egypt 12.00, East Africa 15.30, West Africa 13.50, South Africa 16.36—16.35, Jamaica 13.50, Fiji 10.00, India 1.188—1.1875, Pakistan 0.905, Ceylon 1.00—0.99, Burma 0.50, Malaya 1.842—1.84, Canada 6.4425—6.39, Cuba 5.00, Argentine 0.17, Brazil 0.07, Philippines 1.81—1.79, Switzerland 1.42, West Germany 1.405, Italy 0.0093, Belgium 0.11, Sweden 1.02, Norway 0.72, Denmark 0.77, Netherlands 1.46, France 0.0149—0.0148, Vietnam 0.0685—0.0675, Laos 0.059—0.057, Cambodia 0.084—0.081, North Borneo 1.60, Indonesia 0.177—0.176, Thailand 0.285—0.28, Macau 0.997—0.995, Japan 0.015075—0.014975.

Gold Market

April	High .945	Low .945	Macau .99
1	\$270½	269½	280 High
2	269½	268½	
3	267½	267½	Low 277½
4	268½	267½	
5	268½	268½	
6	268½	268½	

Opening and closing prices were 270 and 268½; highest and lowest 270½ and 267½. Quotations easier in line with US\$ exchange rates and no reduced replenishment cost. Interest for change over favoured sellers and aggregated HK\$2.76 per 10 taels of .945 fine. Trading averaged 7,500 taels per day and amounted to 45,000 taels for the week, in which 21,100 taels were cash transactions (3,900 listed and 17,200 arranged). Positions taken by speculators averaged 17,500 taels per day. Imports from Macau totalled 11,000 taels. Exports amounted to 8,500 taels (5,500 to Singapore, 1,000 Indonesia, 1,000 Rangoon, 1,000 Vietnam). Differences paid for local and Macau .99 fine were HK\$13.00 and 12.00 respectively per tael of .945 fine. Cross rates were US\$37.84—37.80 per fine ounce; 17,600 fine ounces contracted at 37.83 cif Macau. US double eagle old and new coins quoted \$283 and 262 respectively per coin; English Sovereigns \$62 per coin; Mexican gold coins \$289 per coin. **Silver Market:** 800 taels of bar silver traded at \$5.95—5.93 per tael; 700 dollar coins at \$3.80—3.79 per coin; and 1,000 twenty-cent coins at HK\$2.92—2.90 per five coins.

HK SHARE MARKET

The market remained dull with a turnover of only \$2.4 million. Many popular shares closed at levels lower than previous week; drops however were fractional. HK Banks continued to advance from 1635 to 1665; 194 shares changed hands. Union Ins. improved from 945 to 950 but closed at 947.50 b without selling offers; only 46 shares traded. Hotels gained 50c with 7,300 shares transacted. HK & FE Investments, Textiles and Yaumatis registered slight improvements but demand failed to pick up. Trams, Lights, Electrics and Telephones accounted for more than 1/3 of the total business but quotations continued to decline. HK Land rights appeared on the market for the first time, opening at \$11. There was no sign of immediate improvement in demand for HK shares. On the other hand, US shares were attracting keen interest of local investors; many brokers switched to the handling of US securities and treated HK shares as a side-line.

Monday: dull except HK Banks which further improved in sympathy with London registers; turnover \$448,000. **Tuesday:** prices remained at low level: \$492,000. **Wednesday:** quiet, fluctuations fractional; \$443,000. **Thursday:** listless; \$503,000. **Friday:** prices drifted lower, market closed at noon for the Ching Ming Festival; \$510,000.

Dividend: The Amoy Canning Corporation Ltd. announced a final dividend of 70c per share for 1956.

HONGKONG STOCK EXCHANGE
IN MARCH

The Market showed activity end of second week and during third week but closed with waning interest. At the Annual General Meeting of HK Bank the Chairman announced application is being made to Government to relieve shareholders of the "Reserve Liability of Members" and this had the effect of reviving interest in its shares resulting in higher rates. The agitation against the imposition of an increased surcharge by two electric companies had a depressing effect on these shares.

Banks & Insurances: Hongkong Banks recovered and Unions taken at slightly higher levels. Small parcels of Lombards changed hands. **Investment Companies:** Trading in Yangtszes and Hongkong Far Easterns was moderate. **Shipping:** The number of Wheelocks changing hands was negligible and apart from small lots of Eastern Asia Navigations and Waterboats this group was inactive. **Docks & Wharves:** Hongkong Dock, Wharf & China Provident shares were moderately active with no material alteration in rates. **Lands & Hotels:** Trading in Hotels was restrained, and demand for Lands weak. Land Rights rank for dividend from January 1, 1957. Only moderate dealings in Realities reported. **Public Utilities:** Opposition to increased surcharge depressed Electrics and China Lights. Ferry Companies and Hongkong Telephones continued in demand. **Industrials:** Cements led in this section, but only moderate trading was reported.

Stores: Dairy Farms and Watsons were favourites and a fair number of Lane Crawford's changed hands. **Miscellaneous:** Business was negligible. **Cottons:** Textiles and Nanyangs registered moderate trading. **Rubbers:** Amalgamated followed by Rubber Trusts and Sungala were noticeable with rates influenced by Raw Rubber price.

Dividend announcements were made by Wharf Co., Whampoa Dock, Yaumati Ferry, Dairy Farm, China Entertainment.

Business during March: \$12,308,149. Business in 1956: \$211,002,275. Business during Jan.-March 1957: \$41,995,235. Business in March 1956: \$17,350,855.

BUSINESS DURING MARCH

	Qty. of Shares
H.K. Govt. Loan 3½% (1948) -----	\$50,000
H.K. Bank -----	338
Bank of East Asia -----	223
Lombard Insurance -----	465
Union Insurance -----	337
China Underwriter -----	1,000
Allied Investor -----	200
Yangtze -----	4,595
H.K. & Far East Inv. -----	2,400
Union Waterboat (O) -----	1,273
Asia Navigation -----	3,800
Wheelock Marden -----	37,647
Wharf Co. -----	1,762
C. Provident -----	13,338
H.K. Dock -----	16,571
Shanghai Dock -----	3,000
H.K. & S. Hotels -----	27,300
H.K. Land -----	11,832
Shanghai Land -----	1,000
Humphreys -----	3,316
Realty -----	27,500
H.K. Tram -----	23,662
Star Ferry -----	200
Yaumati Ferry -----	5,832
China Light -----	72,915
H.K. Electric -----	30,272
Macao Electric -----	531
Telephone -----	100,610
Cement -----	26,738
Rope -----	500
Metal Industries -----	2,400
Dairy Farm -----	36,238
Watson -----	30,000
Lane Crawford -----	2,948
Sincere -----	1,339
China Emporium -----	470
Sun Co. -----	1,400
Wing On -----	40
Vibro Piling -----	2,800
Intl. Film -----	1,250
Textile -----	13,499
Nanyang Mill -----	14,400
Rubber	
Amalgamated Rubber -----	86,818
Langkat -----	1,700
Rubber Trust -----	86,887
S'hai Kelantan -----	16,000
S'hai Sumatra -----	1,000
Sungala -----	22,000

Share	Mar. 29	Last Week's Rate		Closing	Up & Down	Dividend	Annual Return (%)
		Highest	Lowest				
HK Bank -----	1625	1665	1635	1665	+\$40	\$80	4.80
Union Ins. -----	945	950	945	947.50 b	+\$2.50	\$34	3.59
Lombard -----	38	38	37.50	37.50 b	-50c	\$2	5.33
Wheelock -----	6.70	6.70	6.65	6.70	steady	75c	11.19
HK Wharf -----	102 s	103 s	100 b	101	-\$1	\$6	5.94
HK Dock -----	46 s	44.50	44.25	44.50	-50c	\$2	4.49
Provident -----	13.20 s	13.20	13.20 n	13.20 s	steady	\$1	7.58
HK Land -----	36.25	36.25	36	36.25 s	steady	\$3.50	9.66
Realty -----	1.375 s	1.375 s	1.35	1.375 s	steady	15c	10.91
Hotel -----	13.90	14.40	14	14.40	+50c	\$1	6.94
Trams -----	21.90 s	21.80	21.40 b	21.50	-40c	\$1.85	8.60
Star Ferry -----	137 n	136	135 b	136 n	-\$1	\$9	6.62
Yaumati -----	102	103	102	103 s	+\$1	\$7.50	7.28
Light -----	22.80	22.70	22.30	22.30	-30c	\$1.10	4.93
Electric -----	29.30	29.70	29.30	29.20	-60c	\$2.70	9.25
Telephone -----	24.60	24.70	24.50	24.50	-10c	\$1.50	6.12
Cement -----	33	33.25 s	32.75	33	steady	\$4	12.12
Dairy Farm -----	16	16.10	16	16	steady	\$1.63	10.19
Watson -----	12 s	11.80	11.70	11.80 s	-20c	\$1	8.47
Yangtze -----	5.85 b	5.90	5.85	5.85 b	steady	70c	11.97
Allied Inv. -----	4.725 n	—	—	4.725 n	dull	25c	5.29
HK & FE Inv. -----	9.80 b	10.40 s	10	10 b	+20c	75c	7.50
Amal. Rubber -----	1.45	1.475	1.45	1.45	firm	30c	20.69
Textile -----	4.675 b	4.70	4.675 b	4.70 n	+2½c	50c	10.64
Nanyang -----	8.20	8.20	8.15	8.15	-5c	80c	9.82

MARCH TRADE REPORTS

Imports of foodstuffs from China, metals from UK and Europe, textiles from Japan were heavier than previous month. Exports, too, were higher but improvements not substantial enough to stimulate local market. With the exception of paper which firmed on short stock, other commodities registered small fluctuations and in the case of iron bars heavy supply forced quotations below new indents. Significant developments hindered exports were (1) Korea's increased volume of direct imports from Japan; (2) political disturbance in Thailand and Indonesia; (3) the policy adopted by Phnompenh, Saigon and Vientiane to buy from US and Japan whenever possible; and (4) Colombo's direct trade with Peking. As a result, exports in March totalling \$283.9 million and better than February were lower than either January this year or March last. Imports totalled \$473.1 million; better than two previous months and last March.

Freight: At the beginning of March local businessmen were optimistic over resumption of traffic through Suez and believed that surcharge on freight rate for cargo to and from Europe (including UK) would soon be discontinued; many delayed booking of supplies from Europe. However, much to their disappointment, the surcharge remained; furthermore, shipping companies announced a 10% hike in basic freight rates for consignments to and from Europe effective May 1. Arrangements for metal shipments from Europe to HK were different; the rate was increased on March 12 from 160s to 180s per ton while surcharge down from 50s to 20s resulting in a net drop of 10s per ton. Local traders anticipate that if the surcharge is not cut there will be a further decline in re-exports of European goods to SE Asia because these markets will find Japanese products much cheaper. In local retail market, provisions which recently eased from high level reached last Christmas again firmed.

Trade with China: Foodstuffs, fruits, cloth, rice and sundry provisions constituted the major portion of imports from China; in addition to frozen meat, China shipped here quick-frozen Peking ducks. A trial shipment of pianos also reached here. Supply of beans, oilseeds, feather, egg products and other popular staples as well as light industrial products such as window glass, paper and cement was limited in volume in spite of the fact that dealers here had tried to book more; quotations for paper and cement advanced. Demand from China, though centred on selective items, improved; orders covered

metals, fine chemicals, air conditioning units, X-ray equipment and dyestuffs. Peking representatives here also negotiated with Thai merchants the purchase of 100,000 tons of Thai rice.

To tighten control of ships calling at China ports, Peking enforced new regulations requiring all vessels to apply for entry a week before arrival; masters must notify Chinese port authorities following particulars—deadweight of vessel, quantity of cargo carried, passengers aboard and approximate time of arrival. Authorities in Shanghai even set up a stevedoring company to supply foreign vessels with provisions and workers for repairing and cleaning as well as to provide recreational facilities and tourist guides for the crew.

In Peking, Japanese Economic Delegation and Chinese officials jointly declared that obstacles to the normalisation of Sino-Japanese trade and other relations must be eliminated; China will supply Japan with coal, iron ore, salt, etc. in exchange for Japanese heavy machinery, ships, tele-communications equipment, non-ferrous metals, steel and iron. In Rangoon, Peking opened an economic exhibition to promote exports. Similar effort in Kuala Lumpur was unsuccessful; Malayan Government did not approve an international trade fair in which Peking will be the chief exhibitor.

Possible relaxation of embargo on trade with China was the theme of talks among China traders. Some were optimistic but the majority believed such relaxation could not increase HK exports to China to any considerable degree because Peking representatives in HK will be negotiating with local agents of UK, European and other manufacturers for direct shipments. These manufacturers are not only visiting China in person but also conducting sales campaigns in China. Businessmen returned here from Shanghai reported that for the first time since 1950, two Shanghai newspapers carried large advertisements of Austin cars; buyers were requested to contact UK commercial attache in Peking.

Trade with Japan: Tokyo announced 1957/58 budget for imports of raw materials for Japan's steel industry: iron ore US\$135.9 m (\$52 m from sterling area); manganese ore \$18 m (\$11.7 m); scrap steel \$307.8 m (\$31 m); heavy coking coal \$125.2 m (-). Of the 0.8 million tons of steel Japan plans to import this year, foreign exchange for 0.2/0.3 m tons will be allocated in April. Tokyo also announced that import duty on pig iron, semi-finished steel, thick plate, bars and shapes will be exempted for 6 months (April/September). From here, Japan

bought only scrap iron besides China produce. Counteroffers for scraps were kept at low levels after US had lifted the ban on export of this item. There were enquiries for bars and other steels but no order concluded. Dealers here curtailed new indents from Japan because quotations for most items advanced while offers for paper, cotton textiles and cement restricted to small quantities. Furthermore, demand for Japanese products from Indonesia, Thailand and Cambodia declined because these countries had increased direct trade with Japan. Cargo movements between HK and Japan remained active throughout the month: imports totalling 30,000 tons consisted chiefly of cotton textiles, cement, rayon products, toys, electric appliances, fruits, chinaware, bean oil, coal and sundry items; exports amounted to 10,000 tons, principal items were scrap iron, china clay, bone meal, beans and oilseeds, woodoil, turpentine, aniseed oil, seagrass mat, rosin and cotton waste.

Trade with UK and Europe: Early in the month, dealers postponed booking of supplies from Europe and UK hoping that cif quotations might come down slightly in view of the possible resumption of traffic through Suez Canal. Later, when shipping companies announced pending freight increases there was a rush to get paper and other supplies from Europe and UK for shipments during April but response was discouraging; most delivery dates remote. Demand from UK for HK manufactures remained steady but orders for China produce dropped in number. Norway ordered shirt, umbrella, rubber footwear, torch and gloves but quantities insignificant. West Germany keen in HK footwear, gloves, hat, chinaware and embroideries in addition to China produce. Demand from France remained weak. Imports of metals, woollen textiles, pharmaceuticals, automobiles, dairy products, toilet articles and provisions, etc. exceeded 30,000 tons from UK and 20,000 tons from Europe. Dealers here estimated that imports during April would not be so heavy because only a small number of indents were booked recently and during March there was almost no booking of metals. On the other hand, exports to UK and Europe next month would be heavier because local factories will be rushing consignments before freight hike on May 1. In connection with the European free trade zone, HK sent an official to London for informal consultations. HK has not yet decided to join the zone, though it is felt that advantages of association with the scheme outweigh disadvantages.

Trade with US: Imports totalling 6,000 tons consisted chiefly of wheat

flour, black plate, cotton, fruits, milk products and summer goods including swimming costume, dress materials, suit length, shoes, etc. Exports of cotton textiles, plastic toys, torch, garments, rattanware, gloves, firecrackers and Chinese style foodstuffs amounted to 8,000 tons. Shipments of shirts to US further increased; Washington announced cotton goods made in HK from Japanese fabrics and shipped there were not considered an evasion of Japan's export quota on apparel and other cotton items. To promote exports to US, HK sent a delegation (headed by Mr. U Tat Chee) to New York with 1,000 items of HK products for exhibition at the US World Trade Fair (April 14/27); Government earmarked \$200,000 to cover expenses. US businessmen and officials will also visit HK to study US-HK trade. In addition to a 5-member US trade mission (led by Director of US Commerce Dept., Mr. Charles F. Boehm) in April, Los Angeles Chamber of Commerce will send a mission here to investigate trade possibilities. In May, a group of San Francisco businessmen will come here on a goodwill tour. Last month, Dr. W. B. Gibson and Mr. P. J. Lovewell of Stanford Research Institute arrived from Manila on a round-the-world trip to talk with Government leaders and businessmen in connection with an international industrial development conference to be held in San Francisco this October. Aim of the conference will be to speed up development of private industries. On tourist trade, US Customs advised businessmen selling gift items and other merchandise to US tourists to send purchases to US by mail because such packages, properly labelled, are free from commercial fees. If the package exceeds postal limitations, the next best method is by express. Freight is the most expensive and takes much longer time. Perfumery, cameras, musical instruments, watches and precious metalware are often covered by trade-marks which may prohibit their entry into US. Lists of these trade-marked items are available at all US Embassies and Consular Offices. The best way is for the tourist to take his purchases back with him! Chinese musical instruments and Chinese theatrical costumes can now be sent to US if covered by comprehensive certificates of origin.

Trade with Indonesia: At the beginning of the month Djakarta earmarked large sums of foreign exchange for consumer goods to meet the demand during coming Pusa Festival. Most enquiries reached here for paper, cloth yarn, enamelware, metals, etc. fell through because drop in value of rupiah made HK products more expensive in Indonesian markets. Demand for Japanese

textiles and paper from here was particularly weak because Djakarta was planning to get these items direct from Japan as part of reparation payments. Exports to Djakarta during third week were particularly quiet after authorities there declared a state of siege throughout Indonesia. Contract for purchase of US\$2.5 m worth of cotton yarn, piece goods and sewing thread from HK with US cotton as payment were still under negotiation towards month-end. Prospects of immediate improvement in export to Djakarta are discouraging because dwindled exchange reserve there will force the Government to cut purchase of consumer goods. On the other hand, shipments between HK and Indonesian ports outside Java island continued active. These areas also bought HK manufactures from Singapore particularly items which Djakarta had prohibited or restricted to import. To encourage exports, Djakarta increased subsidies on tobacco leaves, permitted exports of minerals, lowered export floor price for coffee bean and eased restriction on rattan export. Duty on rubber export however will be increased from 0.5 rupiah to 0.9 rupiah per kilo beginning April.

Trade with Thailand: Exports were substantial last month but new purchases slowed down on account of unrest in Bangkok. Dealers here believed that decline in demand resulted partly from drop in Thailand's exports to Laos and Cambodia. Situation improved towards month-end with more enquiries from Bangkok for cotton textiles, towel, paper, enamelware and other metalware. Local dealers however worried about the gradual increase in direct trade between Thailand and China especially after recent inauguration of direct freight service between Bangkok and Chinese ports by several shipping companies. Imports of rice, bean, cow hide, timber, groundnut, maize, salt and other staples exceeded 20,000 tons, much heavier than export tonnage; HK's deficit is growing, an alarming situation especially when compared with last year's surplus in trade with this country.

Trade with Korea: There were more enquiries than orders from Seoul for paper, sugar, pharmaceuticals, machinery, industrial chemicals and fertilizers. Many transactions fell through because buying offers were very low. The 10-15% increases in freight rates for cargo from here to Pusan and other Korean ports as from March 1 made HK offers more expensive. Anyway, allocations of foreign exchange in Seoul were mostly for imports from Japan and US. L/Cs reached here covered only limited quantities of paper, dyestuffs, chemicals, pharmaceu-

ticals, torch and other HK manufactures; trading volume also restricted by short stock of paper, dyestuffs, chemicals and pharmaceuticals. Imports were limited to small quantities of agar agar, cuttlefish and herb medicines; prices too high to be attractive.

Trade with Taiwan: Taipei earmarked \$75 m from US Aid Funds for civilian imports during 1957; \$10 m worth of industrial chemicals, milk products, textiles, appliances, dyestuffs, rubber, paper, building materials, machinery and equipment, etc. will be imported during March/April. However, more enquiries than orders reached here from Taipei; cif Taiwan prices were higher than buying offers partly on account of the 10% freight increase introduced on March 1. Taiwan is seriously promoting direct trade with SE Asia; the first Formosan freighter on regular service to SE Asia ports began her maiden voyage on March 15. Beginning April 1, Taiwan Navigation Company will inaugurate a weekly direct shipping service between Taiwan and Philippines eliminating HK as an intermediary port. Taipei announced this year's tea exports will amount to 30 million pounds; destinations include US, UK and South America. Taipei will also export US\$6 m worth of textiles; chiefly to Korea and \$1 m to HK. During the month, Taiwan maintained a steady flow of exports such as garlic, ginger, sugar, live hogs, camphor products to local market averaging 400 tons a week. The volume could not be increased because Taipei must send more to US and other trading partners in her direct trade with these countries. Commenting on an American news agency report that Nationalist warships and shore batteries on the offshore islands would avoid firing on British freighters bound for North China so that Taiwan could make more friends in Britain, Taipei announced that the China coast blockade had never been rescinded.

Trade with Malaya: Exports to Malaya totalled 16,000 tons consisting chiefly of cotton textiles, paper, joss sticks, paint, canned food and provisions, enamelware and sundry items. Demand from Singapore for sugar weakened because Taiwan and India both offered to ship this item direct to Singapore. More orders came from Malaya than from Singapore during the month; a large portion of shipments to Penang and other Malayan ports went from there to Indonesian territories outside Java island. To introduce more products to Malayan markets, HK manufacturers will exhibit their goods in Singapore and Kuala Lumpur in June and July. Imports of used tyres, scrap wire, firewood, charcoal and other

staples from Singapore and Penang were active but much less than exports in both volume and value. In her trade with China, Singapore failed to sell any rubber to Peking in February but last month negotiations were made for Malayan Chinese tin miners to hold private talks in Peking with Chinese officials on export of Malayan tin to China.

Trade with the Philippines: Manila extended the validity of barter licences in trade with HK from March to June. In addition to purchases by barter, Manila allocated foreign exchange for imports of cotton textiles and metals from HK; quantities involved however were not substantial. Orders from Manila also covered selective items of industrial chemicals and Chinese style foodstuffs. To improve the situation, a trade mission sponsored by Chinese Manufacturers' Union went to Manila; results are uncertain because exports to Philippines are already slightly heavier than imports while Manila's policy is to balance the trade whenever possible. Following Manila's recent lift of ban on entry of Japanese textiles, mills in Philippines asked authorities there to re-impose the ban claiming that they were producing enough cotton textiles to meet domestic demand.

Trade with Cambodia, Laos and Vietnam: In spite of the fact that these states had earmarked large sums of US Aid Funds for imports, purchases from here were restricted to selective items and insignificant quantities. Exports went chiefly to Cambodia (foodstuffs, paint, enamelware and other metalware, cloth, paper, garlic). South Vietnam enquired for torch, vacuum flasks, medicinal herbs and foodstuffs but demand not very keen. Imports came mostly from Cambodia but volume was declining because dealers here suffered an average loss of 10% on imports and had to depend upon exports to Cambodia for profit which in turn had narrowed on account of Phnompenh's increased direct imports from Japan and US. Trade with Laos was quiet and with North Vietnam restricted to barter dealings covering limited imports of woodoil, feather, cassia, rice, maize and other staples in exchange for small consignments of plastic products, gunny bags, wire nail, window glass and chemicals.

Trade with India and Pakistan: Pakistan continued to ship here large consignments of cotton yarn in spite of the decline in local prices to levels below new indents. From here Karachi bought insignificant quantities of cassia, rosin and other China produce. Demand from India for paper, metals, cassia, etc. improved but there were still more enquiries than orders. To the local market, India shipped more cotton, cloth, gunny bags and shellac. Textile export-promotion representative from India discussed with HK manufacturers on the marketing of India yarn

and cloth in HK. Local manufacturers suggested that India should buy more knitted goods from here.

Trade with Burma registered a slight improvement in exports to 6,000 tons; 100% heavier than in February. During the month dealers here received more orders for old newspaper, cotton textiles, motors, paper, metalware, toilet articles, foodstuffs and sundries. Improvement in demand was partly due to increased purchases by private-state joint purchasing organisation in Rangoon which earmarked 64 million kyat for various imports after authorities there had relaxed import restrictions on essential supplies. Rangoon was also negotiating a loan from US. Furthermore, Burma is selling rice chiefly to non-Communist countries and consequently her imports from China and other Communist countries will be cut thus providing more budget for purchases from HK. In return, HK imported more teakwood, beans, rice and other staples from Rangoon.

Trade with Ceylon was quiet; towards month-end there were enquiries for cotton yarn, garlic, shirt, pyjamas, raincoat, ladies underwear, children's garment and sundries but quantities involved small and buying offers low. Colombo also asked for D/P shipments which dealers here were reluctant to oblige. Prospects dull because Ceylon delegates in Peking signed more purchasing contracts covering Chinese foodstuffs and light industrial products such as cement, garlic, cotton textiles, and stationery.

Trade with North Borneo: Exports still below import (in value); illegal trade between North Borneo and the Philippines, particularly in HK manufactures prohibited entry by Manila, was less active during the month.

Trade with Africa: Imports came chiefly from East and South Africa; principal items were groundnut oil, canned beef, fruits, tanning extract. Demand from South and East Africa registered slight improvement; shipments to Capetown and Mombasa consisted chiefly of knitwear, shirt, rayon textiles, window glass, foodstuffs, enamelware and other metalware. West Africa enquired for printed cloth but the deal fell through because buying offers too low. Demand from South Africa should improve because authorities there were considering to relax import restrictions but West Africa might curtail purchases of enamelware and other HK products because bad grain crop there last year had weakened her purchasing power. Exports to North and Central Africa remained insignificant. Competition from Japanese goods in these markets growing.

Trade with Australia: Demand from Australia improved and covered woodoil, camphor tablets, vacuum flask, cotton textiles, plastic products, rattan

ware and gloves. Imports, too, were heavier; principal items were wheat flour, wheat, leather, woollen blanket, frozen meat, dairy products and toilet articles. In view of the increasing volume of trade between HK and Australia, Japanese shipping companies were considering to put more vessels on Japan-HK-Australia runs. The Bank of New South Wales advertised in local Press to invite businessmen trading with Australia (and New Zealand) to use its service.

Trade with the Middle East: Orders from Aden and other M.E. ports were mostly for Chinese foodstuffs and HK manufactures including tea, ginger, enamelware, torch and batteries, cotton textiles, underwear, shirt and plastic goods. Trading however was restricted by inadequate shipping facilities to these markets. Situation will improve after the Suez is opened to regular traffic.

Trade Control: Government announced that beginning April 1, licences will no longer be required for general imports from Argentina, Iran and Japan. Exchange control on such imports remained unchanged. In the case of Japan, imports from islands under US administration are excluded from this amendment.

China Produce: Trading volume was not heavy because demand from Japan and other sources selective. Market trend uncertain because supply from China irregular while imports from SE Asia inadequate and, sometimes, more expensive. During the month, beans and oilseeds came chiefly from SE Asia, camphor products from Taiwan and rosin from China. Imports of beans and oilseeds from China remained light. Limited supply of raw silk, spun silk, gypsum and talcum offered by Canton but indents too high to attract orders. There were also offers from China for essential oils, yellow camphor oil and saffras oil but no response from here. Transactions in egg products, feather and hog casing of Chinese origin were conducted between European buyers' local agents and Peking representatives for direct shipments from China to destinations. Other popular items which retained strong demand throughout the month were cassia, sesame, groundnut, woodoil, rosin, garlic, beans and wheat bran.

Metals: Imports from UK, Europe and US, particularly of bars, plates and sheets were heavy. Prices in the local market during first half month eased especially when European market showed a weak tendency although cif HK offers remained high. Round bars were sold at very low prices by speculators to China traders but there was no selling pressure on the part of metal dealers. Prices were also prevented from sharp drops by demand from Okinawa and Thailand for iron

pipe; from Taiwan for steel plate and iron pipe; from Korea for steel wire rope; from the Philippines for steel plate; and from Indonesia for galvanized iron sheets. China also keen in steel bars, wire rod, black plate, tinplate waste, steel plate, zinc and lead ingots but volume involved was small and many transactions fell through because buying offers too low while most dealers were not anxious to sell below cost. Enquiries from Japan kept local dealers optimistic especially when delivery dates of new indents were remote. Furthermore, imports of round bars and other items which are heavy in stock will be much less in coming months because dealers here have curtailed booking of these items since January. As a result, price drops were checked towards month-end but prospects for recovery to previous levels depend on orders from Japan which had not yet materialized. Scrap iron eased slightly after US had lifted ban on exports of this item but later firmed when Japan continued to absorb it from here encouraging speculative buying especially after Manila had ordered strict enforcement of ban on export of scraps.

Paper: Demand from Korea and SE Asia was strong and in view of the short stock situation, dealers here booked newsprints, cellophane, glassine, woodfree, duplex board, flint, aluminum foil, manifold from Europe; straw board from Taiwan; and manifold from China in spite of increased indents. Booking of supply from Japan was slow; cif HK price for woodfree was same as cif Singapore and cif Malaya quotations making it impossible for local dealers to conduct entrepot trade. Trade was also handicapped by the difference between low buying offers and high local quotation stimulated by advanced cost.

Industrial Chemicals: Quiet condition prevailed in the market throughout the month. Korea, Taiwan, China and local factories provided only selective demand. With the exception of tanning extract, transaction in other items involved only small quantities. Prices were steady on short stock and high replenishment cost.

Pharmaceuticals: Demand from Korea, Taiwan and SE Asia though selective and involving only small quantities, was already more than limited local stock could satisfy especially when speculators began absorbing popular items including penicillin preparations, dihydrostreptomycin, sulfonamides, saccharine crystal, glucose, aspirin, phenacetin, caffeine alkaloid, sanatogin, santolin and vitamins. Local demand for fine chemicals remained steady.

Cotton Yarn & Piece Goods: HK Yarn and cloth registered almost no spot trading but prices firm because

mills had more orders than they could handle from UK, Australia, Africa, Philippines, Burma and Thailand. Pakistan yarn first recovered on advanced cost and demand from Thailand but continued heavy imports forced prices lower than new indents; closing quotations were firmer after local weaving mills started absorbing and imports slowed down. Japanese yarn was quiet; price firm on increased cost and curtailed supply. Chinese drill and grey cloth retained steady local demand but heavy imports depressed prices. Japanese cloth, too, favoured by local printing and garment factories. Taiwan cloth was offered at very competitive prices; local demand still shy.

Rice: Bangkok marked up indents for a number of grades but prices here did not hike because supply ample and offers from Cambodia, China, Burma and North Vietnam competitive. The adequate supply from these sources will keep prices here at low levels.

Wheat Flour: HK products manufactured from American and Canadian wheat were marked up on increased wheat cost. US and Canadian flour depressed by heavy imports in spite of higher indents; firmed towards month-end when Laos, Burma, Cambodia made enquiries. Australian products were quiet.

Sugar: Taiwan sugar declined at beginning of the month under heavy arrival but speculative buying and enquiries from Cambodia, Korea and Thailand stimulated quotations especially when imports slowed down towards month-end. Philippine brown followed the trend of Taiwan sugar and closed firm on short stock. Taikoo products firm throughout the month on steady local demand and orders from North Borneo.

Cement: Imports from Japan were much heavier than supply from China. Both firmed on increased cost; dealers here were anticipating further increase in Japanese indents and less supply from China. Cambodia, South Vietnam, North Borneo and Singapore provided steady demand for cement of all brands including Green Island products. Local demand firm.

Gunny Bags: Imports from India were completely absorbed by demand from North Vietnam, Thailand and Cambodia; forwards were also taken. Prices for both spot goods and floating cargo firmed.

Window Glass: In addition to orders from North Borneo and Africa there were enquiries from UK and Canada for Chinese products. Dealers here however could not get enough offers from the mainland because Peking was sending increasing quantities of this item direct to SE Asia. De-

mand from Korea restricted to European goods.

Fresh Hen Eggs: Prices for average sized eggs eased from \$1 for 6 to \$1 for 8 pieces in retail market. Wholesale quotations also declined from recent highs.

Sundry Goods: Singapore, Thailand, Indonesia and other SE Asian markets bought substantial quantities of Chinese towel and Japanese zip fasteners, sun glass, fountain pen, lighter, etc. Chinese cotton blankets were favoured by Thailand; prices slightly cheaper than Japanese products. Dealers here began booking supply of wool yarn from UK for coming winter sales; there were also enquiries from Korea for this item.

Certificates of Origin: Beginning April 1, Government certificates of origin/imperial preference will be issued only against applications submitted on new forms. Among innovations in revised forms are: the requirement that in addition to manufacturer, name of exporter must be given; and the necessity of applications being presented at least four working days in advance of advertised sailing date of carrying vessel.

COMMODITY PRICES ON 30-3-57

CHINA PRODUCE

Aniseed Star—Kwangsi: mixed, \$125 quintal; export quality, 140s cwt cif Europe. Kwangtung, \$78 picul. Haiphong, \$61 picul. **Rice Bran**—South Vietnam, \$25 picul. Philippine, new, \$22.80 picul. **Wheat Bran**—Tsingtao, \$27.80 picul. Rangoon, \$27.60. **Camphor Tablets**—HK, \$3.20 to \$3.40 per lb. **Cassia**—Bud, Kwangtung, \$85 picul. **Broken**, Kwangtung, 3rd quality, \$68; 1st, export packed, \$72. **Lignea**, Kwangtung/Kwangsi, \$85 picul. **Coir Fibre**—Szechwan, £125 metric ton cif Japan. **Garlic** (untoasted)—Kwangtung, \$75 per quintal. **Feather**—Hen, dyed: HK processed, 12d per lb, c & f Europe. **Duck**: South China, 96d lb, c & f Europe. **Goose**: HK, GGS 90%, 8s 6d lb c & f Europe per lb. **Gypsum**—Hupeh, white, \$145 per m.t. Kwangtung, brown, \$120 m.t. **Hog Bristle**—(c & f Europe per pound)—Tientsin: No. 55, black, 28s 4d; No. 26, 24s 1d. Hankow: No. 17, black, 23s 4d; No. 5, 9s 10d. Chungking: No. 27, black, 18s 10d; No. 4, 11s. **Raw Silk**—(per picul)—Canton, white steam flature, 20/22 denier: AAAA grade, \$3,315; AAA, \$3,285; AA, \$3,264; A, \$3,240. **Rosin**—South China: mixed, A, \$101 quintal; C, \$96. X grade, £71/13/0d per metric ton c & f Scandinavia. **Seagrass Mat**—Kwangtung, 108 warps, twisted matting, 5/4 x 40 yds, forward: white, \$65; brown/white, \$63 per bag. **Seagrass Cord** (twisted)—Kwangtung, No. 2A, forward, \$45 per picul. **Sesame**—(per picul)—Africa, yellowish white, \$81.50. Phnompenh: black, \$55.20; brown, \$54.50. Thailand, black, \$63. South Vietnam, brown, \$54.80. **Bamboo Cane**—(per 1,000 pcs)—China: 1st quality, \$105.60 for 4' x 24/26 lbs, \$121.20 for 6' x 28/32 lbs, \$205 for 10' x 50/55 lbs. **Aniseed Oil**—(picul) Kwangsi, in drum, \$1,310; Haiphong, export quality, \$1,160. **Camphor Oil**—(picul)—Taiwan, refined, in drum, \$140; Kwangsi, crude, in drum, \$150. **Cassia Oil**—(picul)—Kwar 1g/Kwangsi, 80/85%, in drum, \$1,350; Haiphong, in drum, forward, \$1,300. **Citronella Oil**—Taiwan, \$5.80 per lb. **Peppermint Oil**—(pound)—Shanghai, \$22.50; Taiwan, \$15. **Teaseed Oil**—2% FFA, in bulk: \$140 per picul ex-godown and £160 per long ton c & f Europe. **Turpentine**—South China, in drum, 1st grade, £100 per m.t. c & f Japan, forward. **Woodoil** (refined)—In bulk: \$177 picul, spot; \$2,900 per long ton forward; £183/10/0d per metric ton c & f Canada. In drum: £190 per m.t. c & f Japan. **Bitter Almond**—(picul)—Tientsin, red, new, \$340; Japan, new, \$296. **Ginger** (dried)—Hunan, new, \$140 picul. **Maize**—(picul)—Haiphong, white, \$22.80. Phnompenh, yellow, \$24. Rangoon, yellow, \$23.40. **Menthol Crystal**—(lb) Taiwan, \$40. Shanghai, \$46. **Black Bean**—(picul)—Shanghai, \$98. Tientsin, small, \$35.20. **Broad Bean**—Chekiang, new, \$54 picul. **Green Pea**

—(picul)—Phnompenh, 2nd quality, \$48. Szechwan, 2nd quality, \$47. Anhwei, mixed, \$48.50. Thailand, large, new, \$59. **Long Bean**—(picul)—Kweichow, \$29.50. Rangoon, new, \$30. **Red Bean**—South Vietnam, new, \$36 picul. **Soya Bean**—(picul)—Dairen, 1956 crop, \$47.50. Honan, \$42. Phnompenh, 1st, new, \$44.50. **Green Bean**—(picul)—Honan, \$46.50. Shan-tung, medium, \$47.50. **String Bean**—Rangoon, large, \$43 picul. **Groundnut** (shelled)—(picul)—Thailand, mixed, \$81.50. Philippine, medium, white, \$82.80. Tsingtao, new, \$96.50. **Groundnut Oil**—(picul)—Africa: 1st, \$168; 2nd, \$152. China: Tsingtao, forward, \$142; Tientsin, \$148. Indonesia: \$157. Cambodia: \$162. Thailand: \$172. **Soya Bean Oil**—(picul)—Japan: 1st, spot, \$142; 2nd, forward, \$137. Thailand, \$115.

METALS

Mild Steel Angle Bars—(picul)—Cont or Jap: 1/8" x 3/4" x 3/4", \$57; 3/16" x 1 1/2" x 1 1/2", \$55; 1/2" x 4" x 4", \$58. **M.S. Flat Bars**—(picul)—Cont or Jap: 1/2" x 3", \$59; 1/2" x 1", \$58; 1/2" x 1 1/2", \$59; 1/2" x 1" to 2", \$58; 1/2" x 2 1/2" to 4", \$63. HK: 1/2" x 1/2" to 1", \$61; 1/2" x 1" x 2", \$60. **M.S. Round B.**—(picul)—Cont: 1/2" to 1" dia, \$53; 1", \$47; 1 1/2" to 1", \$46; 1 1/2", \$51; 1 1/2", \$53. HK: 1/2" to 1" dia, \$55. **M.S. Square B.**—(picul)—Cont or Jap: 1/2" to 1", \$58; 1/2" to 1 1/2", \$57. **M.S. Plate**—(picul)—Jap, 4' x 8', 132", \$62; 1/16" and 3/32", \$57; 1/8", \$55.50; 3/16" and 1/4", \$61; 1/2" and 5/8", \$65. **Galvanized Steel Sheet**—(lb)—UK, 4' x 8': 1/32", 62c; 1/16" and 3/32", 58c; 1/8", 57c. **Steel Wire Rope**—(lb)—HK, 24 x 6 x 720: 1", \$1.90; 1 1/2", \$1.70; 2", \$1.20; 3", \$1.10. UK, 24 x 6 x 7: 1", \$2.25; 1 1/2", \$1.90; 1 1/2", \$1.65; 2", \$1.40. **M.S. Joists**—(picul) UK, 3' x 6", 4' x 8", 5' x 10", all \$65. **M.S. Tees**—(picul)—Europe, 1" x 1" x 1", 3/16" x 1 1/2" x 1 1/2", 1" x 2" x 2", all \$66. **M.S. Channels**—(picul)—Europe, 4' x 8", \$68; 3' x 6" and 2" x 4", \$67. **M.S. Plate Cuttings**—Cont, 5/16" to 5/8", \$53 picul. **Tinplate Waste, Waste**—Coked: US, 18" x 24", \$108 per 200-lb case and \$107 per 200 lbs for 1 ton skid; UK, 18" x 24", \$105 per 200-lb case. Electrolytic: US, 18" x 24", \$97 per 200-lb case with tin-lining and \$96 per 200 lbs for 1 ton skid; UK, \$95 per 200 lbs for 1 ton skid. Misprint: UK, 18" x 24" and larger, \$54.50 per picul. **Blackplate Waste Waste**—UK, 18" x 24" and larger, G29/G33, \$47.50 picul. **Tinplate**—UK: 20" x 28", \$140 per 200-lb case of 112 shts with tin-lining; 30" x 36", G24, 76c per lb. **G.I. Sheets**—Jap, 3' x 7', USSG 24, 61c lb; USSG 26, 63c lb; USSG 28, 66c lb; USSG 32, \$6.50 pc. **Blackplate**—(picul)—Jap, 3' x 6', G22, \$63; G24, \$64; G26, \$65; G18, \$61.50. **Aluminium Sheets**—(lb)—Jap, 99.5% alloy, 4' x 8': G18, \$2.25; G20, \$2.27; G22, \$2.28; G26, \$2.30; G28, \$2.35. UK, rolled, 2' width, G30, \$2.38. **Brass Sheets**—(picul)—UK, rolled, 12" width, 9/12 oz per sq ft,

\$290. HK, rolled, 10/11 oz per sq ft, \$278. **Zinc Sheets**—(picul)—Europe, 3' x 8': G5, \$148; G6, \$148; G8, \$153; G10, \$153. **G.I. Wire**—(picul)—Cont or Jap: G8 and G10, \$60; G12 and G14, \$61; G16, \$65; G18, \$77; G20 and G22, \$78; G24, \$75. **Wire Rod**—(picul)—Cont or Jap, 1st grade: 3/16" to 1/4", \$48. 2nd grade: 3/16" and 7/32", \$42; 1/2" to 3/4", \$43. **Black Iron Pipe**—(foot)—Cont: 1/2" dia, 38c; 1", 48c; 1 1/2", 69c; 1 1/2", \$1.10; 1 1/2", \$1.25; 2", \$1.53; 2 1/2", \$2. **G.I. Pipe**—(foot)—Cont: 1/2" dia, 47c; 1", 59c; 1", 84c; 1 1/2", \$1.18; 1 1/2", \$1.38; 2", \$1.80; 2 1/2", \$2.75; 3", \$3.10; 4", \$4.50. **Wire Nails**—(picul)—HK: 1" and 1 1/2" x 18 BWG, \$110; 1 1/2" x 17 BWG, \$90; 1" x 15 BWG, \$68; 1 1/2" x 14 BWG, \$67. Jap: 1 1/2" x 18 BWG, \$92; 1 1/2" x 18 BWG, \$89; 1 1/2" x 17 BWG, \$85; 1" x 15 BWG and 1 1/2" x 14 BWG, \$68. **Box Strapping**—Jap: blue annealed, 5/8", G27, 62c lb; cold rolled, black, 3/4", G20, \$63 picul. **Scrap Iron**—wrought iron, 1st choice, \$500 per ton; 2nd, \$320; iron plate, ship salvage, 3/8", \$42 per picul; 1/2", \$43.

PAPER

Cellophane—(ream)—colourless, 30 gr, 36" x 39": UK, \$85; Jap, \$80; Italy, \$83, France, \$81. UK or Jap, coloured, \$106. **Aluminium Foil**—Europe, 60 gr, 20" x 26", thick, silver colour, 28-lb ream, forward, \$68.50 to \$71 per ream. **Art Printing**—(ream)—31" x 43", one-side coated, 90 gr, 85-lb ream: UK, \$97; Italy, \$96; Holland, \$91.50; US, \$95. **Bond**—(ream)—white, 22" x 34", 60 gr, 32-lb ream: Norway or Sweden, with water mark and brand name, \$30.50; Central Europe, with w/m and br/n, \$27.50; Jap, with w/m, \$24.50; Europe, without w/m and br/n, \$25; Jap, without w/m, \$23.50. 60 gr, coloured, 32-lb ream: Norway or Sweden, \$32.50; Central Europe, \$29.50; Jap, \$25.50. **Wood-free Printing**—(lb)—31" x 43", Jap: 60/100 gr, 57/100-lb ream, 71c; 50 gr, 48-lb ream, 72c. China: 60/90-lb ream, 64c. **Manifold**—(ream)—white, 22" x 34", 30 gr, 16-lb ream: Norway or Sweden, ivory finish, \$17.80; Austria, ordinary, \$15.50; China, \$12.60. 30 gr, 16-lb ream, coloured: Cont, \$18.50; China, \$14. **Poster**—31" x 43": Jap, 60/70 gr, 57/68-lb ream, 77c lb; China, 17.2 kilo, 36-lb ream, \$20 ream, 19.5 kilo, 42-lb ream, \$21 ream, 21.5 kilo, \$22.50 ream. **M.G. Cap**—(ream)—China: 25" x 44", 22/23 gr, 174-lb ream, \$9.50. Jap: coloured, 22 gr, 174-lb ream, 25" x 44", \$11.50. **M.G. Pure White Sulphite**—Cont: 34 gr, 40-lb ream, 35" x 47", \$30 ream; 50/90 gr, 60/100-lb ream, 73c lb. **M.G. White Sulphite**—(ream)—35" x 47", 40 gr, 47-lb ream: Austria, \$32.50; Czech or Germany, \$31. **M.G. Pitched Kraft**—Sweden, 100 gr, 117-lb ream, 35" x 47", \$93 ream. **M.G. Pure Ribbed Kraft**—Jap, 38/39 gr, 45/46-lb ream, 35" x 47", \$31 ream. Europe, 60/160 gr, 75/160-lb ream, 35" x 47", 75c lb. **M.G. Ribbed Imitation Kraft**—Czech or Poland, 40 gr, 47-lb ream, 35" x 47", \$31 ream. Europe, 60/150 gr, 75/160-lb

ream, 74c lb. **M.G. Ribbed Kraft**—China, 48-lb ream, 35" x 47", \$25.50 ream. **Un glazed Pure Kraft**—Sweden, 60/140 gr, 75/160-lb ream, 35" x 47", 76c lb. Austria, 100/140 gr, 115/160-lb ream, 72c lb. Jap, 80/140 gr, 90/160-lb ream, 71c lb. **Un glazed Sulphite Kraft**—Europe, 50/120 gr, 70/140-lb ream, 35" x 47", 69c lb. **Un glazed Kraft**—China, 40/80-lb ream, 35" x 47", 62c lb. **Newsprint**—50/52 gr, 31" reels: (lb) US, 55c; Canada, 55c; China, 53c; Norway, 54c; Jap, 49c; Austria, 53c; Finland, 54c. 31" x 43", 50/52 gr, 48/50-lb ream: (ream) Europe, \$29; Jap, \$25; China, \$27. **Duplex Board**—(ream)—31" x 43", one side coated, 250 gr, 240-lb ream: Sweden, \$160; Norway, \$160. 230 gr, 220-lb ream: Sweden, \$145; Norway, \$144; Czechoslovakia, \$138. **Straw Board**—(ton)—26" x 31", Japan: 8/16 oz, \$525; 12/14 oz, \$530; 20/32 oz, \$595. China: 8/14 oz, \$435; 20/32 oz, \$530; 8/16 oz, \$415. Taiwan, 8/16 oz, \$425.

INDUSTRIAL CHEMICALS

Acetic Acid (78/80%)—Germany, 25-kilo carboy, 66c lb. **Citric Acid** (crystal)—UK, 1-cwt keg, \$1.90 lb; UK, 50-kilo barrel, \$1.80 lb. **Cresylic Acid**—UK, 448-lb drum, 65c lb. **Oxalic Acid** (crystal)—Germany, 100-kilo barrel, 86c lb; 200-kilo barrel, 84c. **Sulphuric Acid**—HK, 750-lb drum, 27c lb. **Bicarbonate of Ammonia**—UK, 2-cwt drum, \$749.50 per ton; Germany, 50-kilo drum, \$620 ton; Poland, 50-kilo drum, \$600 ton. **Bicarbonate of Soda**—China, \$21 per 50-kilo bag; UK, \$48.50 per 100-kilo bag. **Bleaching Powder**—UK, 35%, 50-kilo drum, \$37.10 to \$40.50 drum. **Bronze Powder**—Germany, 100-lb case, \$4.70 lb. **Borax**—Crystal, UK, \$55 per 50-kilo gunny bag. **Calcium Hypochlorite**—Jap, 60%, 50-kilo drum, 60c lb; 70%, 90c. **Caustic Soda**—China, 200-kilo drum, \$120 drum; UK, \$228 per 340-kilo drum; Jap, \$187 per 300-kilo drum. **Chrome Alum**—Europe, 200-kilo barrel, 53c lb; UK, 250-kilo barrel, 63c. **Formalin**—UK, 40% volume, 448-lb drum, 37c lb. **Glycerine**—China, 250-kilo drum, \$1.80 lb; Holland, s.g. 1.260, 250-kilo drum, public godown stock, \$1.70 lb. **Gum Arabic**—Sudan, 100-kilo bag, \$1.12 lb. **Gum Copal**—Malaya, No. 1, 140-catty gunny bag, \$220 picul. **Gum Damar**—Malaya, No. 1, 140-catty gunny bag, \$305 picul. **Linseed Oil**—UK, 400-lb drum, \$155 picul; India 400-lb drum, \$150 picul. **Lithopone** (30%)—Holland, 50-kilo paper bag, 39c lb; Germany, 39c; Italy, 25-kilo paper bag, 35c. **Petrolatum**—White, US, 400-lb drum, 76c lb. Amber, Holland, 400-lb drum, 35c; Germany, 180-kilo drum, 30c; US, 377-lb drum, 40c. **Polyvinyl Chloride Compounds**—HK, 50-lb paper bag, transparent crystal, \$2.10 lb; opaque, various colours, \$2.10. **Shellac**—India, No. 1, 164-lb case, \$270 picul. **Soda Ash**—China, 80-kilo bag, \$28 per bag; UK, dense, \$36.70 per 100-kilo bag; light, \$30.50 per 70-kilo bag. **Sodium Bichromate**—Australia, 560-lb drum, 81c lb; South Africa, 400-lb drum, 75c. **Sodium**

Cyanide—UK, 50-kilo drum, \$1.15 lb. **Sodium Hydrosulphite**—UK, 50-kilo drum, \$170 picul. **Sodium Nitrate**—Germany, 50-kilo gunny bag, \$28.50 picul. **Sodium Sulphide**—China, 160-kilo drum, \$620 ton. **Tanning Extract**—Mimosa, 105-lb gunny bag, 56c lb; Quebracho, 78c. **Ultramarine Blue**—Italy, 1-cwt barrel, \$115 picul; Holland, 50-kilo barrel, \$95. **Urea Moulding Powder**—UK, XT grade, 55-lb bags, \$1.50 lb; X grade, 112-lb drum, \$1.75. **Paraffin Wax**—US, 143/150 deg AMP, 90/94-lb paper carton, \$87 picul. **Zinc Oxide** (99%)—China, 50-kilo gunny bag, 73c lb; Holland, 85c; Germany, 84c; South Africa, 87c.

PHARMACEUTICALS

Penicillin Ointment—UK, 2,000 units per oz, \$5.95 per doz 1-oz tubes. **Penicillin Oral Tablets**—(50,000 units per tab)—US, 1960, \$2.95 per carton of 12 tablets; UK, 1960, 88c per carton of 12's. **Procaine Penicillin-G Oil Injection**—UK, 1960, 300,000 units per cc, \$1.35 per vial of 10 cc; US, \$2.45; France, \$1.60; Belgium, \$1.35. **Dihydrostreptomycin**—UK, 1960, 63c to 82c per vial of 1 gm; US, 92c. **Sulfadiazine Powder**—Australia, \$23 lb; France, \$23; UK, \$22.50; Germany, \$22.50. **Sulfaguanidine Powder**—UK, \$7.80 lb; Italy, \$7. **Sulfathiazole Powder**—France, \$11 lb; Italy, \$10.40; Germany, \$10.80. **Quinine Ethylcarbonate**—Holland, \$2.75 per 1-oz carton. **Quinine Sulphate**—Holland, \$139 per 100-oz tin. **Isoniazide Tablets**—UK, \$4.20 per bottle of 100 tablets of 100 mg each; Switzerland, \$2.50 per bottle of 100 tablets of 50 mg each. **Aspirin Powder**—UK, 1-cwt case, \$3.30 lb; Germany, 50-kilo drum, \$3.20 lb. **Amidopyrin**—France, \$21 lb; Germany, \$18 lb. **Vitamin C Powder**—Canada, \$50 per 1-kilo tin; Switzerland, \$50 per 1-kilo bottle; Germany, \$40 per kilo. **Glucose Powder**—Holland, \$1.035 lb; US, same price. **Phenacetin**—UK, \$5 per lb; Germany, \$4.85. **Saccharum Lactose**—Germany, 96c lb; Holland, 97c; New Zealand, 98c. **Santonin**—UK, 1-kilo tin, \$13.20 per oz; 1-oz bottle, \$15 per bottle. Japan, 1-kilo tin, £35 per kilo. **Sodium Benzoate**—UK, \$2 lb; Holland, \$2.10; Germany, \$2. **Vitamin B1 Powder**—Germany, \$254 per 1-kilo tin; France, \$246; Japan, \$234.

WHEAT FLOUR

Australian Brands—\$38 per 150-lb bag; \$13.30 per 50-lb bag. **American Brands**—\$30.50 per 100-lb bag; \$15.30 to \$17.20 per 50-lb bag. **Canadian Brands**—\$37.50 to \$38.50 per 100-lb bag; \$17.80 to \$18.30 per 50-lb bag. **HK Brands**—\$14.20/\$17.50 per 50-lb bag (of flour from Canadian wheat); \$15.10 per 50-lb bag (US wheat); \$12.80 (Australian wheat).

RICE

White Rice, 100% whole (picul)—Thailand, old, 1st, \$60; new, 1st, \$57.40. **White Rice**—(picul)—Thailand: special 3%, new, \$52.60; A 5%

new, 1st, \$51; B 10% new, 1st, \$49.70; C 15% new, 1st, \$48; E 25%, new, \$46. Cambodia: \$42.50. North Vietnam: \$45.60. Burma, old, small quantity packing, \$36.80. China, Canton, \$52.10. See **Mew Rice**—HK, old, 1st, \$52.30 picul. **Broken Rice**—(picul)—Thailand: B1, special, old, \$40; 2nd, new, \$34.70; C1, special, old, \$31.90; C1, ordinary, old, 2nd, \$30. **Glutinous Rice**—Thailand, C1, ordinary, No. 1, \$31.50 picul.

CEMENT

HK Green Island Products—Emeraldcrete: \$8.20 per 112-lb bag. Emerald: \$7.20 per 112-lb bag; \$6.20 per 100-lb bag. Snowcrete: \$71 per 375-lb drum; \$16.50 per 1-cwt bag. **Japanese Cement**—\$6 per 100-lb bag, ordinary cement; \$15.30 per 1-cwt bag, white cement. **Chinese Cement**—forward cargo, in 45-kilo bags, \$119 per metric ton cif HK ex-ship.

COTTON YARN

Hongkong Yarn—(bale)—10 counts, \$880 to \$960; 20's, \$1,000 to \$1,140; 30's, \$1,380 to \$1,440; 32's, \$1,400 to \$1,730; 40's, \$1,500 to \$1,830; 42's, \$1,640 to \$1,680. **Japanese Yarn**—(bale)—32's, \$1,390 to \$1,420; 40's, \$1,490 to \$1,520; 42's, \$1,620 to \$1,660. **Pakistan Yarn**—(bale)—10's, \$810 to \$850; 20's, \$865 to \$965; 21's, \$930 to \$990; 32's, \$1,160 to \$1,210.

COTTON PIECE GOODS

Grey Sheet—(pc)—China: 63 x 64, 36" x 40 yds, \$35.30; 72 x 69, 38" x 40 yds, \$33.60; 60 x 60, 36" x 40 yds, \$34.80; 60 x 56, 36" x 40 yds, \$34. HK: 60 x 60, 36" x 40 yds, \$37 to \$38. India: 44 x 48, 35" x 40 yds, \$26.50; 40 x 36, 35" x 40 yds, \$24.20. 44 x 40, 36" x 40 yds, \$24.80. Japan: 72 x 69, 38" x 40 yds, \$33.70. **Grey Jean**—(pc)—China, Golden City, \$32. HK: 84 x 48, 30" x 40 yds, forward, \$31.50. **Dyed Drill**—(yard)—HK: Rainbow, 36", \$2.50; Diamond, 36", \$1.70. **Coloured Cloth**—(pc)—HK: 32" x 42 yds, \$40; 36" x 40 yds, \$39. **Printed Cloth**—HK, 36" x 42 yds, \$1.07 yd. **White Cloth**—(pc)—Jap, No. 10000, \$45.60; No. 5050, \$42.50. HK, 36" x 42 yds, \$40. **Poplin**—Jap, \$1.30 to \$1.50 per yd.

SUGAR

Taiwan Sugar—(picul)—granulated, refined, No. 24, \$59; No. 18, \$55; slab sugar powder, brown, \$35. **Philippine Sugar**—(picul)—granulated, brown, \$54.50. Indonesian, granulated, brown, \$56.50 picul. Thai malt sugar, \$38 picul. Chinese slab sugar, 2nd quality, in Jar, \$50.50 picul. **Hongkong Sugar**—(picul)—Taikoo granulated, fine, \$67.30; slab, brown, 1st quality, \$52.50; candy sugar, 2nd quality, \$64.

GUNNY BAG

Heavy Coas, 43" x 29", 2-lb, with 2" green stripe, Indian product, \$1.93 pc, spot; \$1.81, floating; \$1.75, forward. **Used Bags**, 21-lb, 3 blue stripes, \$1.20 pc, spot; 2nd quality, \$1 pc.

